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SECURITIES & EXCHANGE COMMISSION EDGAR FILING

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

Form 10-Q

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x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number

001-34126

HCI Group, Inc.
(Exact name of Registrant as specified in its charter)

Florida	**20-5961396**
(State of Incorporation)	**(IRS Employer Identification No.)**

5300 West Cypress Street, Suite 100
Tampa, FL 33607
(Address, including zip code, of principal executive offices)

(813) 405-3600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer x
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The aggregate number of shares of the Registrant's Common Stock, no par value, outstanding on July 26, 2013 was 11,430,035.

HCI GROUP, INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION
Item 1 – *Financial Statements*
HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Amounts in thousands, except share amounts)

	June 30, 2013 (Unaudited)	December 31, 2012
Assets		
Fixed-maturity securities, available-for-sale, at fair value	$ 40,119	35,953
Equity securities, available-for-sale, at fair value	10,335	8,876
Other investments	16,014	16,087
Total investments	66,468	60,916
Cash and cash equivalents	296,812	230,214
Accrued interest and dividends receivable	410	375
Premiums and reinsurance receivable	28,305	10,642
Prepaid reinsurance premiums	31,236	9,112
Deferred policy acquisition costs	18,608	10,032
Property and equipment, net	13,008	10,853
Deferred income taxes	—	3,848
Other assets	6,934	2,296
Total assets	$461,781	338,288
Liabilities and Stockholders' Equity		
Losses and loss adjustment expenses	$ 44,749	41,168
Unearned premiums	191,446	154,249
Advance premiums	11,273	4,029
Assumed reinsurance balances payable	1,466	1,377
Accrued expenses	7,725	3,041
Dividends payable	34	42
Income taxes payable	124	8,813
Deferred income taxes	1,529	—
Long-term debt	40,250	—
Other liabilities	9,600	4,316
Total liabilities	308,196	217,035
Stockholders' equity:		
7% Series A cumulative convertible preferred stock (liquidation preference $10.00 per share), no par value, 1,500,000 shares authorized, 191,750 and 241,182 shares issued and outstanding in 2013 and 2012, respectively	—	—
Preferred stock (no par value, 18,500,000 shares authorized, no shares issued or outstanding)	—	—
Common stock, (no par value, 40,000,000 shares authorized, 11,434,216 and 10,877,537 shares issued and outstanding in 2013 and 2012, respectively)	—	—
Additional paid-in capital	65,394	63,875
Retained income	87,294	55,758
Accumulated other comprehensive income	897	1,620
Total stockholders' equity	153,585	121,253
Total liabilities and stockholders' equity	$461,781	338,288

See accompanying Notes to Consolidated Financial Statements.

HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue				
Gross premiums earned	$ 81,952	53,772	164,499	108,470
Premiums ceded	(24,617)	(16,702)	(46,613)	(30,969)
Net premiums earned	57,335	37,070	117,886	77,501
Net investment income	295	302	434	824
Policy fee income	1,426	1,028	2,198	1,543
Net realized investment (losses) gains	(8)	9	12	30
Gain on bargain purchase	—	179	—	179
Other	285	267	614	430
Total revenue	59,333	38,855	121,144	80,507
Expenses				
Losses and loss adjustment expenses	17,414	16,197	33,286	35,365
Policy acquisition and other underwriting expenses	7,308	6,243	13,276	13,079
Interest expense	846	—	1,532	—
Other operating expenses	7,358	4,406	13,473	8,673
Total expenses	32,926	26,846	61,567	57,117
Income before income taxes	26,407	12,009	59,577	23,390
Income taxes	10,172	4,747	22,955	9,160
Net income	$ 16,235	7,262	36,622	14,230
Preferred stock dividends	(32)	(63)	(66)	(244)
Income available to common stockholders	$ 16,203	7,199	36,556	13,986
Basic earnings per common share	$ 1.44	$ 0.85	$ 3.31	$ 1.89
Diluted earnings per common share	$ 1.40	$ 0.74	$ 3.20	$ 1.60
Dividends per common share	$ 0.23	$ 0.20	$ 0.45	$ 0.35

See accompanying Notes to Consolidated Financial Statements.

HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Unaudited)
(Amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	$16,235	7,262	36,622	14,230
Other comprehensive (loss) income:				
Change in unrealized gain on investments:				
Unrealized (loss) gain arising during the period	(1,458)	175	(1,183)	1,449
Call and repayment losses charged to investment income	3	—	18	—
Reclassification adjustment for realized gains (loss)	8	(9)	(12)	(30)
Net change in unrealized gain	(1,447)	166	(1,177)	1,419
Deferred income taxes on above change	559	(64)	454	(547)
Total other comprehensive (loss) income	(888)	102	(723)	872
Comprehensive income	$15,347	7,364	35,899	15,102

See accompanying Notes to Consolidated Financial Statements.

HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(Amounts in thousands)

	Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities:		
Net income	$ 36,622	14,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	1,474	212
Net amortization of premiums on investments in fixed-maturity securities	134	111
Depreciation and amortization	1,045	637
Deferred income taxes	5,831	3,698
Net realized investment gains	(12)	(30)
Gain on bargain purchase	—	(179)
Foreign currency remeasurement loss	44	—
Changes in operating assets and liabilities:		
Premiums and reinsurance receivable	(17,663)	(6,829)
Advance premiums	7,244	6,872
Prepaid reinsurance premiums	(22,124)	(12,315)
Accrued interest and dividends receivable	(35)	(138)
Income taxes receivable	—	(4,900)
Other assets	(3,431)	(445)
Assumed reinsurance balances payable	89	1,389
Deferred policy acquisition costs	(8,576)	(155)
Losses and loss adjustment expenses	3,581	9,889
Unearned premiums	37,197	11,752
Income taxes payable	(8,689)	(4,956)
Accrued expenses and other liabilities	9,810	5,131
Net cash provided by operating activities	42,541	23,974
Cash flows from investing activities:		
Cash consideration paid for acquired business, net of cash acquired	—	(8,157)
Purchase of property and equipment, net	(2,692)	(480)
Purchase of other investments	(115)	(967)
Purchase of fixed-maturity securities	(8,601)	(6,710)
Purchase of equity securities	(2,582)	(4,844)
Proceeds from sales of fixed-maturity securities	1,359	2,419
Proceeds from calls, repayments and maturities of fixed-maturity securities	1,736	—
Proceeds from sales of equity securities	1,313	1,512
Decrease in time deposits, net	—	5,243
Net cash used in investing activities	(9,582)	(11,984)
Cash flows from financing activities:		
Net proceeds from the issuance of common stock	—	20,082
Proceeds from the exercise of common stock warrants	—	1,375
Proceeds from the issuance of long-term debt	40,250	—
Cash dividends paid	(5,094)	(3,151)
Repurchase of common stock	(235)	—
Debt issuance costs	(1,525)	—
Tax benefits related to stock-based compensation	280	437
Net cash provided by financing activities	33,676	18,743

(continued)

HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, continued
(Unaudited)
(Amounts in thousands)

	Six Months Ended June 30,	
	2013	2012
Effect of exchange rate changes on cash	(37)	—
Net increase in cash and cash equivalents	66,598	30,733
Cash and cash equivalents at beginning of period	230,214	100,355
Cash and cash equivalents at end of period	$296,812	131,088
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 25,535	14,880
Cash paid for interest	$ 921	—
Non-cash investing and financing activities:		
Unrealized (loss) gain on investments in available-for-sale securities, net of tax	$ (723)	872
Conversion of Series A Preferred Stock to common stock	$ 435	5,939

See accompanying Notes to Consolidated Financial Statements.

HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity
Six Months Ended June 30, 2013
(Unaudited)
(Amounts in thousands, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Income	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2012	241,182	$ —	10,877,537	$ —	$63,875	$55,758	$ 1,620	$121,253
Net income	—	—	—	—	—	36,622	—	36,622
Change in unrealized gain on available-for-sale securities, net of income taxes	—	—	—	—	—	—	(723)	(723)
Conversion of preferred stock to common stock	(49,432)	—	49,432	—	—	—	—	—
Issuance of restricted stock	—	—	544,000	—	—	—	—	—
Forfeiture of restricted stock	—	—	(29,080)	—	—	—	—	—
Repurchase of common stock	—	—	(7,673)	—	(235)	—	—	(235)
Common stock dividends	—	—	—	—	—	(5,020)	—	(5,020)
Preferred stock dividends	—	—	—	—	—	(66)	—	(66)
Tax benefits related to stock-based compensation	—	—	—	—	280	—	—	280
Stock-based compensation	—	—	—	—	1,474	—	—	1,474
Balance at June 30, 2013	191,750	$ —	11,434,216	$ —	$65,394	$87,294	$ 897	$153,585

See accompanying Notes to Consolidated Financial Statements.

HCI GROUP, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity – continued
Six Months Ended June 30, 2012
(Unaudited)
(Amounts in thousands, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Capital	Income	Income	Total
Balance at December 31, 2011	1,247,700	$ —	6,202,485	$ —	$29,636	$33,986	$ 208	$63,830
Net income	—	—	—	—	—	14,230	—	14,230
Change in unrealized gain on available-for-sale securities, net of income taxes	—	—	—	—	—	—	872	872
Exercise of common stock options	—	—	145,594	—	—	—	—	—
Exercise of common stock warrants	—	—	161,642	—	1,375	—	—	1,375
Excess tax benefit from stock options exercised	—	—	—	—	437	—	—	437
Conversion of preferred stock to common stock	(655,376)	—	655,376	—	—	—	—	—
Issuance of restricted stock	—	—	200,000	—	—	—	—	—
Issuance of common stock	—	—	1,840,000	—	20,082	—	—	20,082
Common stock dividends	—	—	—	—	—	(2,793)	—	(2,793)
Preferred stock dividends	—	—	—	—	—	(244)	—	(244)
Stock-based compensation	—	—	—	—	212	—	—	212
Balance at June 30, 2012	592,324	$ —	9,205,097	$ —	$51,742	$45,179	$ 1,080	$98,001

See accompanying Notes to Consolidated Financial Statements.

Note 1 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements for HCI Group, Inc. and its subsidiaries (collectively, the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and the Securities and Exchange Commission ("SEC") rules for interim financial reporting. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations. However, in the opinion of management, the accompanying financial statements reflect all normal recurring adjustments necessary to present fairly the Company's financial position as of June 30, 2013 and the results of operations and cash flows for the periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results of operations to be expected for any subsequent interim period or for the fiscal year ending December 31, 2013. The accompanying unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 included in the Company's Form 10-K, which was filed with the SEC on March 14, 2013.

In preparing the interim unaudited consolidated financial statements, management was required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the financial reporting date and throughout the periods being reported upon. Certain of the estimates result from judgments that can be subjective and complex and consequently actual results may differ from these estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of losses and loss adjustment expenses, assumed reinsurance balances, the recoverability of deferred policy acquisition costs, and the determination of deferred income taxes. Although considerable variability is inherent in these estimates, management believes that the amounts provided are reasonable. These estimates are continually reviewed and adjusted as necessary. Such adjustments are reflected in current operations.

All significant intercompany balances and transactions have been eliminated.

Reclassifications. Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

Reinsurance Contracts

The Company enters into excess of loss reinsurance contracts to minimize its net loss exposure to catastrophic loss events. Certain of the Company's current contracts contain retrospective provisions including terms and conditions that adjust premiums, increase the amount of future coverage, or result in profit commissions based on the loss experience under the contracts. In such cases, a with-and-without method is used to estimate the asset or liability amount to be recognized at each reporting date. The amount of the estimate is the difference between the net contract costs before and after the loss experience under the contract. Estimates related to premium

adjustments, profit commissions and coverage changes are recognized in ceded premiums earned. These estimates are reviewed monthly based on the loss experience to date and as adjustments become necessary. Such adjustments are reflected in the Company's current operations.

Note 2 — Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in recent accounting pronouncements during the six months ended June 30, 2013, as compared to those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, that are of significance, or potential significance, to the Company.

Note 3 — Investments

The Company holds investments in fixed-maturity securities and equity securities that are classified as available-for-sale. At June 30, 2013 and December 31, 2012, the amortized cost, gross unrealized gains and losses, and estimated fair value of the Company's available-for-sale securities by security type were as follows:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
As of June 30, 2013				
Fixed-maturity securities				
U.S. Treasury and U.S. government agencies	$ 1,671	45	(3)	1,713
Corporate bonds	15,017	375	(86)	15,306
Commercial mortgage-backed securities	11,133	589	(82)	11,640
State, municipalities, and political subdivisions	10,251	489	(56)	10,684
Redeemable preferred stock	766	12	(2)	776
Total	38,838	1,510	(229)	40,119
Equity securities	10,156	566	(387)	10,335
Total available-for-sale securities	$48,994	2,076	(616)	50,454
As of December 31, 2012				
Fixed-maturity securities				
U.S. Treasury and U.S. government agencies	$ 1,359	88	—	1,447
Corporate bonds	10,298	572	(10)	10,860
Commercial mortgage-backed securities	10,708	936	—	11,644
State, municipalities, and political subdivisions	10,152	914	—	11,066
Redeemable preferred stock	919	18	(1)	936
Total	33,436	2,528	(11)	35,953
Equity securities	8,756	303	(183)	8,876
Total available-for-sale securities	$42,192	2,831	(194)	44,829

The scheduled maturities of fixed-maturity securities at June 30, 2013 are as follows:

	Amortized Cost	Estimated Fair Value
Available-for-sale		
Due in one year or less	$ 1,376	1,380
Due after one year through five years	9,824	10,103
Due after five years through ten years	10,783	10,969
Due after ten years	5,722	6,026
Commercial mortgage-backed securities	11,133	11,641
	$38,838	40,119

Investment Sales

Proceeds received, and the gross realized gains and losses from sales of available-for-sale securities, for the three and six months ended June 30, 2013 and 2012 were as follows:

	Proceeds	Gross Realized Gains	Gross Realized Losses
Three months ended June 30, 2013			
Fixed-maturity securities	$ 322	2	(3)
Equity securities	$ 952	44	(51)
Three months ended June 30, 2012			
Fixed-maturity securities	$ 1,197	11	—
Equity securities	$ 1,412	8	(10)
Six months ended June 30, 2013			
Fixed-maturity securities	$ 1,359	34	(3)
Equity securities	$ 1,313	64	(83)
Six months ended June 30, 2012			
Fixed-maturity securities	$ 2,419	40	(3)
Equity securities	$ 1,512	8	(15)

Other-than-temporary Impairment

The Company regularly reviews its individual investment securities for other-than-temporary impairment. The Company considers various factors in determining whether each individual security is other-than-temporarily impaired, including:

- the financial condition and near-term prospects of the issuer, including any specific events that may affect its operations or earnings;
- the length of time and the extent to which the market value of the security has been below its cost or amortized cost;
- general market conditions and industry or sector specific factors;
- nonpayment by the issuer of its contractually obligated interest and principal payments; and
- the Company’s intent and ability to hold the investment for a period of time sufficient to allow for the recovery of costs.

Securities with gross unrealized loss positions at June 30, 2013, aggregated by investment category and length of time the individual securities have been in a continuous loss position, are as follows:

As of June 30, 2013	Less Than Twelve Months		Twelve Months or Greater		Total	
	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value
Fixed-maturity securities						
U.S. Treasury and U.S. government agencies	$ (3)	510	—	—	(3)	510
Corporate bonds	(86)	3,656	—	—	(86)	3,656
Commercial mortgage-backed securities	(82)	1,949	—	—	(82)	1,949
State, municipalities, and political subdivisions	(56)	1,571	—	—	(56)	1,571
Redeemable preferred stock	(2)	197	—	—	(2)	197
Total fixed-maturity securities	(229)	7,883	—	—	(229)	7,883
Equity securities	(328)	6,266	(59)	181	(387)	6,447
Total available-for-sale securities	$ (557)	14,149	(59)	181	(616)	14,330

The Company believes there are no fundamental issues such as credit losses or other factors with respect to any of its available-for-sale securities. The unrealized losses on investments in fixed-maturity securities were caused primarily by interest-rate changes. It is expected that the securities will not be settled at a price less than the par value of the investments. In determining whether equity securities are other-than-temporarily impaired, the Company considers its intent and ability to hold a security for a period of time sufficient to allow for the recovery of cost. Because the declines in fair value are attributable to changes in interest rates or market conditions and not credit quality, and because the Company has the ability and intent to hold its available-for-sale investments until a market price recovery or maturity, the Company does not consider any of its investments to be other-than-temporarily impaired at June 30, 2013.

Other Investments

Other investments consist of the following as of June 30, 2013 and December 31, 2012:

	June 30, 2013	December 31, 2012
Land	$11,009	10,993
Land improvements	1,351	1,326
Buildings	2,873	2,869
Other	1,311	1,238
Total, at cost	16,544	16,426
Less: accumulated depreciation and amortization	(530)	(339)
Other investments	$16,014	16,087

Depreciation and amortization expense related to other investments was $96 and $66, respectively, for the three months ended June 30, 2013 and 2012 and $191 and $95, respectively, for the six months ended June 30, 2013 and 2012.

Note 4 — Property and Equipment, net

On February 28, 2013, the Company purchased real estate in Ocala, Florida for a total purchase price of $2,002. The real estate consists of 1.6 acres of land and a vacant office building with rentable area of approximately 16,000 square feet. The facility will be used by the Company's insurance operations and, also, as an alternative location in the event a catastrophic event impacts the Company's home office and other support operations.

Note 5 — Long-Term Debt

On January 17, 2013, the Company completed the sale of unsecured senior notes in a public offering for an aggregate principal amount of $35,000. In addition, effective January 25, 2013, the Company received an aggregate principal amount of $5,250 pursuant to the underwriters' exercise of the over-allotment option. The offering was made pursuant to the Company's effective registration statement on Form S-3, as amended (Registration Statement No. 333-185228) and the prospectus supplement dated January 10, 2013. The combined net proceeds were $38,690 after underwriting and issuance costs of approximately $1,560 of which $1,525 was paid during the six months ended June 30, 2013. The notes will mature on January 30, 2020 and bear interest at a fixed annual rate of 8% payable quarterly on January 30, April 30, July 30 and October 30, commencing on April 30, 2013. The notes may be redeemed, in whole or in part, at any time on and after January 30, 2016 upon not less than 30 or more than 60 days' notice. The redemption price will be equal to 100% of the principal amount redeemed plus accrued and unpaid interest. Additionally, the Company may, at any time, repurchase the senior notes at any price in the open market and may hold, resell or surrender the notes for cancellation.

The senior notes rank on parity with all of the Company's other existing and future senior unsecured obligations. In addition, to the extent the senior notes are unsecured, they also rank junior in right of payment to any secured debt that the Company may have outstanding to the extent of the value of the assets securing such debt.

The senior notes contain customary restrictive covenants relating to merger, modification of the indenture, subordination, issuance of debt securities and sale of assets, the most significant of which include limitations with respect to certain designated subsidiaries on the incurrence of additional indebtedness or guarantees secured by any security interest on any shares of their capital stock. The senior note covenants also limit the Company's ability to sell or otherwise dispose of any shares of capital stock of such designated subsidiaries. The senior note covenants do not contain any restrictions on the Company's payment or declaration of dividends nor require a sinking fund to be established for the purpose of redemption.

Interest expense with respect to the senior notes was approximately $846 and $1,532, respectively, for the three and six months ended June 30, 2013 and included amortization of debt issuance costs of approximately $41 and $74, respectively. The effective interest rate, taking into account the stated interest expense and amortization of debt issuance costs, approximates 8.7%.

Note 6 — Fair Value Measurements

The Company records and discloses certain financial assets at their estimated fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Other inputs that are observable for the asset and liability, either directly or indirectly.

Level 3 — Inputs that are unobservable.

The following table presents information about the Company's financial assets and liabilities measured at estimated fair value on a recurring basis as of June 30, 2013 and December 31, 2012, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

	Fair Value Measurements Using			
	(Level 1)	(Level 2)	(Level 3)	Total
As of June 30, 2013				
Cash and cash equivalents	$296,812	—	—	296,812
Fixed-maturity securities:				
U.S. Treasury and U.S. government agencies	545	1,168	—	1,713
Corporate bonds	14,360	946	—	15,306
Commercial mortgage-backed securities	—	11,640	—	11,640
State, municipalities, and political subdivisions	—	10,684	—	10,684
Redeemable preferred stock	776	—	—	776
Total fixed-maturity securities	15,681	24,438	—	40,119
Equity securities	10,335	—	—	10,335
Total available-for-sale securities	26,016	24,438	—	50,454
Total	$322,828	24,438	—	347,266
Long-term debt	$ 42,182	—	—	42,182

Long-term debt represents the Company's 8.00% senior notes due 2020. The senior notes were initially sold to the public in January 2013 and trade on the New York Stock Exchange. The estimated fair value is based on the closing market price.

	Fair Value Measurements Using			
	(Level 1)	(Level 2)	(Level 3)	Total
As of December 31, 2012				
Cash and cash equivalents	$230,214	—	—	230,214
Fixed-maturity securities:				
U.S. Treasury and U.S. government agencies	583	864	—	1,447
Corporate bonds	10,860	—	—	10,860
Commercial mortgage-backed securities	—	11,644	—	11,644
State, municipalities, and political subdivisions	—	11,066	—	11,066
Redeemable preferred stock	936	—	—	936
Total fixed-maturity securities	12,379	23,574	—	35,953
Equity securities	8,876	—	—	8,876
Total available-for-sale securities	21,255	23,574	—	44,829
Total	$251,469	23,574	—	275,043

During the second quarter of 2013, the Company analyzed its investment portfolio and determined the municipal bonds, which were previously classified as Level 1, should be classified as Level 2 based on the inputs used to measure fair value and the level of market activity in those instruments. As such, transfers into Level 2 from Level 1 were $10,684 during the three months ended June 30, 2013. In addition, $11,066 related to municipal bonds included in the table related to December 31, 2012 was transferred from Level 1 to Level 2. There were no transfers between Level 1, 2 or 3 during the three months ended March 31, 2013 or during the year ended December 31, 2012.

Note 7 — Reinsurance

The Company cedes a portion of its homeowners insurance exposure to other entities under catastrophe excess of loss reinsurance treaties. The Company remains liable with respect to claims payments in the event that any of the reinsurers is unable to meet its obligations under the reinsurance agreements. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. The Company contracts with a number of established and rated or fully collateralized reinsurers to secure its annual reinsurance coverage, which becomes effective June 1st each year. The Company purchases reinsurance each year taking into consideration projected losses and reinsurance market conditions.

The impact of the catastrophe excess of loss reinsurance treaties on premiums written and earned is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Premiums Written:				
Direct	$132,923	83,669	203,772	121,842
Assumed	(476)	(342)	(2,076)	(1,620)
Gross written	132,447	83,327	201,696	120,222
Ceded	(24,617)	(16,702)	(46,613)	(30,969)
Net premiums written	$107,830	66,625	155,083	89,253
Premiums Earned:				
Direct	$ 64,826	39,873	117,953	73,171
Assumed	17,126	13,899	46,546	35,299
Gross earned	81,952	53,772	164,499	108,470
Ceded	(24,617)	(16,702)	(46,613)	(30,969)
Net premiums earned	$ 57,335	37,070	117,886	77,501

During the three and six months ended June 30, 2013 and 2012, there were no recoveries pertaining to reinsurance contracts that were deducted from losses incurred. At June 30, 2013 and December 31, 2012, prepaid reinsurance premiums related to 27 and 31 reinsurers, respectively, and there were no amounts receivable with respect to reinsurers. Thus, there were no concentrations of credit risk associated with reinsurance receivables and prepaid reinsurance premiums as of June 30, 2013 and December 31, 2012.

Certain of the reinsurance contracts include retrospective provisions that adjust premiums, increase the amount of future coverage, or result in profit commissions in the event losses are minimal or zero. As of June 30, 2013, the Company has recognized a benefit of $1,301 in connection with these provisions. See “Reinsurance Contracts” under Note 1 — “Summary of Significant Accounting Policies.”

Note 8 — Losses and Loss Adjustment Expenses

The liability for losses and loss adjustment expenses is determined on an individual case basis for all claims reported. The liability also includes amounts for unallocated expenses, anticipated future claim development and losses incurred, but not reported.

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Balance, beginning of period	$ 41,751	33,476	41,168	27,424
Incurred related to:				
Current period	18,431	15,995	35,362	34,401
Prior period	(1,017)	202	(2,076)	964
Total incurred	17,414	16,197	33,286	35,365
Paid related to:				
Current period	(9,520)	(8,691)	(13,252)	(13,082)
Prior period	(4,896)	(3,669)	(16,453)	(12,394)
Total paid	(14,416)	(12,360)	(29,705)	(25,476)
Balance, end of period	$ 44,749	37,313	44,749	37,313

The establishment of loss reserves is an inherently uncertain process and changes in loss reserve estimates are expected as such estimates are subject to the outcome of future events. Changes in estimates, or differences between estimates and amounts ultimately paid, are reflected in the operating results of the period during which such adjustments are made. During the three and six months ended June 30, 2013, the Company experienced favorable development of $1,017 and $2,076, respectively, with respect to its net unpaid losses and loss adjustment expenses established as of March 31, 2013 and December 31, 2012. Factors attributable to this favorable development include a lower severity of claims, reduced frequency of claims, and actual case development being more favorable than originally anticipated.

The Company writes insurance in the state of Florida, which could be exposed to hurricanes or other natural catastrophes. The occurrence of a major catastrophe could have a significant effect on the Company's monthly or quarterly results and cause a temporary disruption of the normal operations of the Company. However, the Company is unable to predict the frequency or severity of any such events that may occur in the near term or thereafter.

Note 9 — Income Taxes

During the three months ended June 30, 2013 and 2012, the Company recorded approximately $10,172 and $4,747, respectively, of income taxes, which resulted in estimated annual effective tax rates of 38.5% and 39.5%, respectively. During the six months ended June 30, 2013 and 2012, the Company recorded approximately $22,955 and $9,160, respectively, of income taxes, which resulted in estimated annual effective tax rates of 38.5% and 39.2%, respectively. The Company's estimated annual effective tax rate differs from the statutory federal income tax rate due to state and foreign income taxes and stock-based compensation as well as certain nondeductible items.

Note 10 — Earnings Per Share

U.S. GAAP requires the Company to use the two-class method in computing basic earnings per share since holders of the Company's restricted stock have the right to share in dividends, if declared, equally with common stockholders. These participating securities effect the computation of both basic and diluted earnings per share during periods of net income.

A summary of the numerator and denominator of the basic and diluted earnings per common share is presented below:

	Three Months Ended June 30, 2013			Three Months Ended June 30, 2012		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	$ 16,235			$ 7,262		
Less: Preferred stock dividends	(32)			(63)		
Less: Income attributable to participating securities	(763)			(87)		
Basic Earnings Per Share:						
Income allocated to common stockholders	15,440	10,687	$ 1.44	7,112	8,325	$ 0.85
Effect of Dilutive Securities:						
Stock options	—	162		—	215	
Convertible preferred stock	32	199		63	705	
Warrants	—	—		—	406	
Diluted Earnings Per Share:						
Income available to common stockholders and assumed conversions	$ 15,472	11,048	$ 1.40	$ 7,175	9,651	$ 0.74

	Six Months Ended June 30, 2013			Six Months Ended June 30, 2012		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	$ 36,622			$ 14,230		
Less: Preferred stock dividends	(66)			(244)		
Less: Income attributable to participating securities	(1,274)			(105)		
Basic Earnings Per Share:						
Income allocated to common stockholders	35,282	10,669	$ 3.31	13,881	7,326	$ 1.89
Effect of Dilutive Securities:						
Stock options	—	160		—	229	
Convertible preferred stock	66	210		244	956	
Warrants	—	—		—	303	
Diluted Earnings Per Share:						
Income available to common stockholders and assumed conversions	$ 35,348	11,039	$ 3.20	$ 14,125	8,814	$ 1.60

Note 11 — Stockholders' Equity

Common Stock

On April 8, 2013, the Company's Board of Directors declared a quarterly dividend of $0.225 per common share. The dividends were paid on June 21, 2013 to stockholders of record on May 17, 2013.

Common Stock Warrants

All common stock warrants were either exercised or cancelled during the year ended December 31, 2012.

Preferred Stock

As of June 30, 2013, 191,750 shares of Series A cumulative convertible preferred stock ("Series A Preferred") remain outstanding. During the three and six months ended June 30, 2013, holders of 18,805 and 49,432 shares of Series A Preferred converted their Series A Preferred shares to 18,805 and 49,432 shares of common stock, respectively.

On May 22, 2013, the Company's Board of Directors declared a cash dividend on its Series A Preferred shares in the amount of $0.05833 per share for each of the months of June, July, and August 2013. The June dividend was paid on July 29, 2013 to shareholders of record at the close of business on July 1, 2013. The July dividend is payable on August 27, 2013 to shareholders of record at the close of business on August 1, 2013. The August dividend is payable on September 27, 2013 to shareholders of record at the close of business on September 3, 2013.

Note 12 — Stock-Based Compensation

Incentive Plans

The Company has outstanding stock options and restricted stock granted under the 2007 Stock Option and Incentive Plan ("2007 Plan") and its 2012 Omnibus Incentive Plan (the "2012 Plan"). The 2007 Plan was terminated in 2012. Thus, there are no longer available shares for future grants under the 2007 Plan. Under the 2012 Plan, the aggregate number of shares of the Company's common stock reserved and available for issuance is 5,000,000. With respect to the 2012 Plan at June 30, 2013, no incentive stock options had been granted, 588,240 shares of restricted stock were outstanding, and 4,411,760 shares were available for future grant.

Stock Options

Outstanding stock options granted under the 2007 Plan vest over periods ranging from immediately vested to five years and are exercisable over the contractual term of ten years.

A summary of the activity in the Company's 2007 Plan for the three and six months ended June 30, 2013 and 2012 is as follows (option amounts not in thousands):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2013	280,000	$ 2.91	4.9 years	$ 5,007
Outstanding at March 31, 2013	280,000	2.91	4.7 years	$ 6,816
Outstanding at June 30, 2013	280,000	2.91	4.4 years	$ 7,788
Exercisable at June 30, 2013	270,000	$ 2.78	4.3 years	$ 7,543
Outstanding at January 1, 2012	620,000	$ 2.97	5.7 years	$ 3,122
Exercised	(217,003)	3.33		
Outstanding at March 31, 2012	402,997	2.78	5.5 years	$ 3,997
Outstanding at June 30, 2012	402,997	2.78	5.3 years	$ 5,971
Exercisable at June 30, 2012	382,997	$ 2.60	5.1 years	$ 5,745

The following table summarizes information about options exercised for the three and six months ended June 30, 2013 and 2012 (option amounts not in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Options exercised	—	—	—	217,003
Total intrinsic value of exercised options	—	—	—	$ 1,470
Fair value of vested stock options	$ 17	$ 22	$ 17	$ 22
Tax benefits realized	—	—	—	$ 437

During the six months ended June 30, 2012, a total of 217,003 options were exercised and net settled by surrender of 71,409 shares. The Company recognized compensation expense of approximately $5 and $6, respectively, for the three months ended June 30, 2013 and 2012 and $9 and $59, respectively, for the six months ended June 30, 2013 and 2012. At June 30, 2013, there was approximately $15 of unrecognized compensation expense related to nonvested stock options granted under the plan. The Company expects to recognize the remaining compensation expense over a weighted-average period of 10 months. Deferred tax benefits related to stock options for the three and six months ended June 30, 2013 and 2012 were immaterial.

Restricted Stock Awards

From time to time, the Company has granted and may grant restricted stock awards to certain executive officers, other employees and nonemployee directors in connection with their service to the Company. The terms of the Company's outstanding restricted stock grants include both service and market-based conditions. The fair value of the awards with market-based conditions is determined using a Monte Carlo simulation method which calculates many potential outcomes for an award and then establishes fair value based on the most likely outcome. The determination of fair value with respect to the awards with only service-based conditions is based on the value of the Company's common stock on the grant date.

Information with respect to the activity of unvested restricted stock awards during the three and six months ended June 30, 2013 and 2012 is as follows (share amounts not in thousands):

	Number of Restricted Stock Awards	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2013	246,320	$ 14.54
Forfeited	(920)	
Nonvested at March 31, 2013	245,400	$ 14.51
Granted	544,000	$ 26.58
Vested	(29,000)	
Forfeited	(28,160)	
Nonvested at June 30, 2013	732,240	$ 23.53
Nonvested at January 1, 2012	—	—
Nonvested at March 31, 2012	—	—
Granted	200,000	$ 12.91
Nonvested at June 30, 2012	200,000	$ 12.91

The Company recognized compensation expense of $1,080 and $153, respectively, for the three months ended June 30, 2013 and 2012 and $1,465 and $153, respectively, for the six months ended June 30, 2013 and 2012. At June 30, 2013, there was approximately $15,364 of total unrecognized compensation expense related to nonvested restricted stock arrangements granted under the Company's 2007 Plan and 2012 Plan. The Company expects to recognize the remaining compensation expense over a weighted-average period of 30 months. The following table summarizes information about deferred tax benefits recognized related to restricted stock awards and the fair value of vested restricted stock for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Deferred tax benefits recognized	$ 417	$ 59	$ 565	$ 59
Fair value of vested restricted stock	$ 379	$ —	$ 379	$ —

For the three and six months ended June 30, 2013, the Company realized tax benefits of approximately $61 and $83, respectively, related to cash dividends paid on restricted stock. The following presents assumptions used in a Monte Carlo simulation model to determine the fair value of the awards with market-based conditions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Expected dividends per share	$0.90	$0.80	$0.90	$0.80
Expected volatility	41.5 – 51.6%	36.7 – 50.0%	41.5 – 51.6%	36.7 – 50.0%
Risk-free interest rate	0.0 – 2.0%	0.1 – 1.2%	0.0 – 2.0%	0.1 – 1.2%
Estimated cost of capital	9.3%	11.9 – 12.1%	9.3%	11.9 – 12.1%
Expected life (in years)	6.00	6.00	6.00	6.00

Note 13 — Commitments and Contingencies

Environmental Matters

In connection with the acquisition in April 2011 of one of the Company's properties located in Pinellas County, Florida, the Company assumed the liability to complete a site assessment and remediation of environmental contamination that resulted from a petroleum release at the marina site in late 2009. At acquisition, the Company recorded a liability of $150 with respect to the planned remedial action. Such liability was determined based on reasonably estimable costs of completing the actions defined in the work plan. As of June 30, 2013, a total of $111 has been expended with respect to the site assessment and remediation and the remaining $39 accrued at acquisition is included in other liabilities in the accompanying consolidated balance sheets. Even with the Company's best effort in estimating the costs, it is possible that additional testing and additional environmental monitoring and remediation will be required as part of the Company's ongoing discussions with the Florida Department of Health, the agency contracted by the Florida Department of Environmental Protection to administer cases of petroleum contamination in Pinellas County, in which case additional expenses could exceed the current estimated liability. However, based on information known at June 30, 2013, the Company does not expect that such additional expenses would have a material adverse effect on the liquidity or financial condition of the Company.

Note 14 — Related Party Transactions

Claddaugh Casualty Insurance Company, Ltd. ("Claddaugh"), the Company's Bermuda-based captive reinsurer, has one reinsurance treaty with Moksha Re SPC Ltd. and multiple capital partners ("Moksha") whereby a portion of the business assumed from the Company's insurance subsidiary, Homeowners Choice Property & Casualty Insurance Company, Inc. ("HCPCI"), is ceded by Claddaugh to Moksha. With respect to the period from June 1, 2013 through May 31, 2014, Moksha assumed approximately $15,400 of the total covered exposure for approximately $4,300 in premiums, a rate which management believes to be competitive with market rates available to Claddaugh. The $4,300 premium was fully paid by Claddaugh on June 27, 2013. Moksha has deposited funds into a trust account to fully collateralize Moksha's exposure. Trust assets may be withdrawn by HCPCI, the trust beneficiary, in the event amounts are due under the 2013-2014 Moksha reinsurance agreement. Among the Moksha capital partner participants are the Company's chief executive officer, Paresh Patel, and certain of his immediate family members and Sanjay Madhu, one of the Company's non-employee directors.

Claddaugh also has reinsurance treaties with Oxbridge Reinsurance Limited ("Oxbridge") whereby a portion of the business assumed from HCPCI is ceded by Claddaugh to Oxbridge. With respect to the period from June 1, 2013 through May 31, 2014, Oxbridge assumed $10,100 of the total covered exposure for approximately $4,900 in premiums, a rate which management believes to be competitive with market rates available to Claddaugh. The $4,900 premium was fully paid by Claddaugh on July 9, 2013. Oxbridge has deposited funds into a trust account to fully collateralize Oxbridge's exposure. Trust assets may be withdrawn by HCPCI, the trust beneficiary, in the event amounts are due under the 2013-2014 Oxbridge reinsurance agreement. Among the Oxbridge capital partner participants are Paresh Patel, the Company's chief executive officer, who is also chairman of the board of directors for Oxbridge, and members of his immediate family and three of the Company's non-employee directors including Sanjay Madhu who serves as Oxbridge's president and chief executive officer.

Note 15 — Subsequent Events

On July 16, 2013, the Company's Board of Directors declared a quarterly dividend of $0.225 per common share. The dividends are payable on September 20, 2013 to stockholders of record on August 16, 2013.

ITEM 2 – *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

You should read the following discussion in conjunction with our consolidated financial statements and related notes and information included under this Item 2 and elsewhere in this quarterly report on Form 10-Q and in our Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 14, 2013. Unless the context requires otherwise, as used in this Form 10-Q, the terms "HCI," "we," "us," "our," "the Company," "our company," and similar references refer to HCI Group, Inc. and its subsidiaries. All dollar amounts, except per share amounts stated in this Management's Discussion and Analysis of Financial Condition and Results of Operations are in thousands unless specified otherwise.

Forward-Looking Statements

In addition to historical information, this quarterly report contains forward-looking statements as defined under federal securities laws. Such statements involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances or achievements expressed or implied by the forward-looking statements. Typically, forward-looking statements can be identified by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions. The important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include but are not limited to the effect of governmental regulation; changes in insurance regulations; the frequency and extent of claims; uncertainties inherent in reserve estimates; catastrophic events; a change in the demand for, pricing of, availability of or collectability of reinsurance; restrictions on our ability to change premium rates; increased rate pressure on premiums; and other risks and uncertainties detailed herein and from time to time in our SEC reports.

OVERVIEW

General

HCI Group, Inc. is a Florida-based company established in 2006. We changed our name in May 2013 from Homeowners Choice, Inc. to HCI Group, Inc. Our property and casualty insurance operations began in 2007. Over the past few years, we have broadened and diversified our business portfolio through acquisitions to include information technologies and, also, real estate operations under which we operate one restaurant and two marina facilities. Based on the organizational structure, revenue sources, and evaluation of financial and operating performances by management, we have the following operating segments:

a) Insurance Operations
   - *Property and casualty insurance*
   - *Reinsurance*

b) Other Operations
   - *Real estate*
   - *Information technology*

For the three months ended June 30, 2013 and 2012, revenues from property and casualty insurance operations represented 94.9% and 88.1%, respectively, of total revenues of all operating segments. For the six months ended June 30, 2013 and 2012, revenues from property and casualty insurance operations represented 94.8% and 94.2%, respectively, of total revenues of all operating segments. As a result, we have determined the property and casualty insurance operations to be our only reportable operating segment.

Insurance Operations

Property and Casualty Insurance

Through certain subsidiaries, primarily Homeowners Choice Property & Casualty Insurance Company, Inc. ("HCPCI"), we provide property and casualty insurance to homeowners, condominium owners, and tenants in the state of Florida. Under our *Homeowners Choice* brand, HCPCI offers insurance products at competitive rates, while pursuing profitability using selective underwriting criteria.

HCPCI began operations in 2007 by participating in a "take-out program," which is a legislatively mandated program designed to encourage private insurance companies to assume policies from Citizens Property Insurance Corporation ("Citizens"), a Florida state-supported insurer. Our growth since inception has resulted primarily from a series of policy assumptions from Citizens and one from HomeWise Insurance Company ("HomeWise"). This growth track has been beneficial to us in terms of reduced policy acquisition costs and periods of lower reinsurance costs. Even though expanding our policyholder base through opportunistic assumptions continues to be important to our growth plan, we plan to seek other opportunities to expand and to provide new or additional product offerings.

As part of our plan to increase overall geographic diversification, our subsidiary, Homeowners Choice Assurance Company, Inc., has applied for licensure and is awaiting approval from the Alabama Department of Insurance to write property and casualty insurance policies in Alabama.

Reinsurance

We have a Bermuda-based reinsurance subsidiary, Claddaugh Casualty Insurance Company Ltd., which participates in HCPCI's reinsurance program under our *Claddaugh* brand.

Other Operations

Real Estate

Operating under our *Greenleaf Capital* brand, real estate operations consist of several properties we own including our headquarters building in Tampa, Florida and a secondary site in Ocala, Florida, which will be used by our insurance operations. In addition, the Ocala location will be used by our home office operations in the event we experience any disruption from a catastrophic event. We also own properties in Treasure Island, Florida and Tierra Verde, Florida with a combined 20 acres of waterfront property.

With the exception of the Ocala location, we lease office or retail space at each location to non-affiliates on various terms. In addition, we own and operate one full-service restaurant and two marinas that we acquired in connection with our purchase of the waterfront properties. The combined marina facilities provide services to include: a) one dry stack boat storage building with capacity for approximately 180 boats; b) approximately 70 wet slips; c) two fuel facilities; and d) open areas for parking and storage. Dry stack boat storage space is generally rented on a monthly or annual basis while the wet slips are rented on a daily or monthly basis.

Information Technology

Our information technology segment includes a team of experienced programmers with extensive experience in developing web-based products and applications for mobile devices. The operations, which are primarily in India, are focused on developing innovative products or services that can be marketed to the public and also on providing affiliates with back-office technology support services that can facilitate and improve ongoing operations.

The technologies originally developed in-house for our own insurance operations were recently launched for use by third parties under our *Exzeo* brand. *Exzeo* is a free, web-based application available at Exzeo.com that enables seamless integration between organizations, co-workers and business partners. *Exzeo* allows users to manage projects through communication and collaboration with other participants in a real-time work environment.

Recent Developments

On July 16, 2013, our Board of Directors declared a quarterly dividend of $0.225 per common share. The dividends are payable on September 20, 2013 to stockholders of record on August 16, 2013.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the three and six months ended June 30, 2013 and 2012 (amounts in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenue				
Gross premiums earned	$ 81,952	53,772	164,499	108,470
Premiums ceded	(24,617)	(16,702)	(46,613)	(30,969)
Net premiums earned	57,335	37,070	117,886	77,501
Net investment income	295	302	434	824
Policy fee income	1,426	1,028	2,198	1,543
Net realized investment (losses) gains	(8)	9	12	30
Gain on bargain purchase	—	179	—	179
Other income	285	267	614	430
Total operating revenue	59,333	38,855	121,144	80,507
Operating Expenses				
Losses and loss adjustment expenses	17,414	16,197	33,286	35,365
Policy acquisition and other underwriting expenses	7,308	6,243	13,276	13,079
Interest expense	846	—	1,532	—
Other operating expenses	7,358	4,406	13,473	8,673
Total operating expenses	32,926	26,846	61,567	57,117
Income before income taxes	26,407	12,009	59,577	23,390
Income taxes	10,172	4,747	22,955	9,160
Net income	$ 16,235	7,262	36,622	14,230
Preferred stock dividends	(32)	(63)	(66)	(244)
Income available to common stockholders	$ 16,203	7,199	36,556	13,986
Ratios to Net Premiums Earned:				
Loss Ratio	30.37%	43.69%	28.24%	45.63%
Expense Ratio	27.06%	28.73%	23.99%	28.07%
Combined Ratio	57.43%	72.42%	52.23%	73.70%
Ratios to Gross Premiums Earned:				
Loss Ratio	21.25%	30.12%	20.23%	32.60%
Expense Ratio	18.93%	19.81%	17.20%	20.06%
Combined Ratio	40.18%	49.93%	37.43%	52.66%
Per Share Data:				
Basic earnings per common share	$ 1.44	$ 0.85	$ 3.31	$ 1.89
Diluted earnings per common share	$ 1.40	$ 0.74	$ 3.20	$ 1.60

Comparison of the Three Months ended June 30, 2013 to the Three Months ended June 30, 2012

Our results of operations for the three months ended June 30, 2013 reflect income available to common stockholders of $16,203, or $1.40 earnings per diluted common share, compared to income available to common stockholders of $7,199, or $0.74 earnings per diluted common share, for the three months ended June 30, 2012.

Revenue

Gross Premiums Earned for the three months ended June 30, 2013 and 2012 were $81,952 and $53,772, respectively, and primarily reflect the revenue from policies acquired from HomeWise and Citizens and subsequent renewals. The $28,180 increase over the corresponding period in 2012 was primarily attributable to $32,599 of revenue from the Citizens assumption we completed in November 2012 offset by a reduction in premium earned due to policy attrition.

Premiums Ceded for the three months ended June 30, 2013 and 2012 were approximately $24,617 and $16,702, respectively. Our premiums ceded represent amounts paid to reinsurers to cover losses from catastrophes that exceed the thresholds defined by our catastrophe excess of loss reinsurance treaties. For the three months ended June 30, 2013, premiums ceded include a benefit of $1,301 related to the provisions under certain reinsurance contracts. See “Economic Impact of Reinsurance Contracts with Retrospective Provisions” under “Critical Accounting Policies and Estimates” below. Our reinsurance rates are based primarily on policy exposures reflected in gross premiums earned. Premiums ceded were 30.0% and 31.1% of gross premiums earned during the three months ended June 30, 2013 and 2012, respectively.

Net Premiums Earned for the three months ended June 30, 2013 and 2012 were $57,335 and $37,070, respectively, and reflect the gross premiums earned less the appropriate reinsurance costs as described above.

Net Premiums Written during the three months ended June 30, 2013 and 2012 totaled $107,830 and $66,625, respectively. Net premiums written represent the premiums charged on policies issued during a fiscal period less any applicable reinsurance costs.

The following is a reconciliation of our total Net Premiums Written to Net Premiums Earned for the three months ended June 30, 2013 and 2012 (dollars in thousands):

	Three Months Ended June 30,	
	2013	2012
Net Premiums Written	$107,830	66,625
Increase in Unearned Premiums	(50,495)	(29,555)
Net Premiums Earned	$ 57,335	37,070

Policy Fee Income for the three months ended June 30, 2013 and 2012 was $1,426 and $1,028, respectively. The increase in 2013 from the corresponding period is primarily attributable to an increase in policy renewals.

Expenses

Our *Losses and Loss Adjustment Expenses* amounted to $17,414 and $16,197, respectively, during the three months ended June 30, 2013 and 2012. The increase in 2013 is primarily due to the increase in policy count and exposures. In addition, our losses for the six months ended June 30, 2012 included approximately $2,000 related to claims from Tropical Storm Debby, which occurred in June 2012. See "Reserves for Losses and Loss Adjustment Expenses" under "Critical Accounting Policies and Estimates" below.

Policy Acquisition and Other Underwriting Expenses for the three months ended June 30, 2013 and 2012 of $7,308 and $6,243, respectively, primarily reflect the amortization of deferred acquisition costs, commissions payable to agents for production and renewal of policies, premium taxes, marketing costs, and policy fees. The $1,065 increase from the corresponding period in 2012 is primarily attributable to an increase in commissions and premium taxes related to the increase in policy renewals in 2013.

Other Operating Expenses for the three months ended June 30, 2013 and 2012 were $7,358 and $4,406, respectively. The $2,952 increase is primarily attributable to a $2,301 increase in compensation and related expenses and a $651 increase in our other administrative costs, which include a variety of professional service fees, license fees, corporate insurance, lease expense, information system expense, and other general expenses. As of June 30, 2013, we had 161 employees located at our headquarters in Tampa, Florida compared to 121 employees as of June 30, 2012. We also have 64 employees located in Noida, India at June 30, 2013 versus 63 at June 30, 2012.

Income Taxes for the three months ended June 30, 2013 and 2012 were $10,172 and $4,747, respectively, for state, federal, and foreign income taxes resulting in an effective tax rate of 38.5% for 2013 and 39.5% for 2012.

Ratios:

The loss ratio applicable to the three months ended June 30, 2013 (losses and loss adjustment expenses incurred related to net premiums earned) was 30.4% compared to 43.7% for the three months ended June 30, 2012. Our loss ratio was positively impacted by a significant increase in our gross premiums earned during 2013 (See *Gross Premiums Earned* above) and, also, by continued favorable trends in 2013 related to our losses and loss adjustment expenses.

The expense ratio applicable to the three months ended June 30, 2013 (defined as underwriting expenses, interest and other operating expenses related to net premiums earned) was 27.0% compared to 28.7% for the three months ended June 30, 2012. The decrease in our expense ratio is primarily attributable to the significant increase in 2013 in our gross premiums earned.

The combined loss and expense ratio (total of all expenses related to net premiums earned) is the key measure of underwriting performance traditionally used in the property and casualty industry. A combined ratio that is less than 100% generally reflects favorable underwriting results. A combined ratio over 100% generally reflects unprofitable underwriting results. Our combined ratio for the three months ended June 30, 2013 was 57.4% compared to 72.4% for the three months ended June 30, 2012. Our combined ratio was positively impacted by a significant increase in our gross premiums earned during 2013 (see *Gross Premiums Earned* above) and, also, by continued favorable trends in 2013 related to our losses and loss adjustment expenses.

Due to the impact our reinsurance costs have on net premiums earned from period to period, our management believes the combined loss and expense ratio measured to gross premiums earned is more relevant in assessing overall performance. The combined loss and expense ratio to gross premiums earned for the three months ended June 30, 2013 was 40.2% compared to 49.9% for the three months ended June 30, 2012.

Comparison of the Six Months ended June 30, 2013 to the Six Months ended June 30, 2012

Our results of operations for the six months ended June 30, 2013 reflect income available to common stockholders of $36,556, or $3.20 earnings per diluted common share, compared to income available to common stockholders of $13,986, or $1.60 earnings per diluted common share, for the six months ended June 30, 2012.

Revenue

Gross Premiums Earned for the six months ended June 30, 2013 and 2012 were $164,499 and $108,470, respectively, and primarily reflect the revenue from policies acquired from HomeWise and Citizens and subsequent renewals. The $56,029 increase over the corresponding period in 2012 was primarily attributable to $65,432 of revenue from the Citizens assumption we completed in November 2012 offset by a reduction in premium earned due to policy attrition.

Premiums Ceded for the six months ended June 30, 2013 and 2012 were approximately $46,613 and $30,969, respectively. Our premiums ceded represent amounts paid to reinsurers to cover losses from catastrophes that exceed the thresholds defined by our catastrophe excess of loss reinsurance treaties. For the six months ended June 30, 2013, premiums ceded include a benefit of $1,301 related to the provisions under certain reinsurance contracts. See “Economic Impact of Reinsurance Contracts with Retrospective Provisions” under “Critical Accounting Policies and Estimates” below. Our reinsurance rates are based primarily on policy exposures reflected in gross premiums earned. Premiums ceded were 28.3% and 28.6% of gross premiums earned during the six months ended June 30, 2013 and 2012, respectively.

Net Premiums Earned for the six months ended June 30, 2013 and 2012 were $117,886 and $77,501, respectively, and reflect the gross premiums earned less the appropriate reinsurance costs as described above.

Net Premiums Written during the six months ended June 30, 2013 and 2012 totaled $155,083 and $89,253, respectively. Net premiums written represent the premiums charged on policies issued during a fiscal period less any applicable reinsurance costs.

The following is a reconciliation of our total Net Premiums Written to Net Premiums Earned for the six months ended June 30, 2013 and 2012 (dollars in thousands):

	Six Months Ended June 30,	
	2013	2012
Net Premiums Written	$155,083	89,253
Increase in Unearned Premiums	(37,197)	(11,752)
Net Premiums Earned	$117,886	77,501

Net Investment Income for the six months ended June 30, 2013 and 2012 was $434 and $824, respectively. The decline in 2013 is primarily due to operating losses of the business activities associated with the real estate we acquired in April 2012. There were no other-than-temporary impairments recorded during the six months ended June 30, 2013 and 2012.

Policy Fee Income for the six months ended June 30, 2013 and 2012 was $2,198 and $1,543, respectively. The increase in 2013 from the corresponding period is primarily due to an increase in policy renewals.

Expenses

Our *Losses and Loss Adjustment Expenses* amounted to $33,286 and $35,365, respectively, during the six months ended June 30, 2013 and 2012. During the six months ended June 30, 2013, we experienced favorable development of $2,076 with respect to our net unpaid losses and loss adjustment expenses established as of December 31, 2012, which contributed to the overall favorable variance of $2,079 with respect to the total losses and loss adjustment expenses incurred during the six months ended June 30, 2013 as compared to the corresponding period in 2012. In addition, our losses for the six months ended June 30, 2012 included approximately $2,000 related to claims from Tropical Storm Debby, which occurred in June 2012. See “Reserves for Losses and Loss Adjustment Expenses” under “Critical Accounting Policies and Estimates” below.

Policy Acquisition and Other Underwriting Expenses for the six months ended June 30, 2013 and 2012 of $13,276 and $13,079, respectively, primarily reflect the amortization of deferred acquisition costs, commissions payable to agents for production and renewal of policies, premium taxes, marketing costs, and policy fees. The $197 increase from the corresponding period in 2012 is primarily attributable to an increase in commissions and premium taxes related to the increase in policy renewals in 2013, the effect of which is offset by a one-time charge of $1,200 in 2012 resulting from a U.S. GAAP change in accounting for deferred acquisition costs.

Other Operating Expenses for the six months ended June 30, 2013 and 2012 were $13,473 and $8,673, respectively. The $4,800 increase is primarily attributable to a $3,629 increase in compensation and related expenses and a $1,171 increase in our other administrative costs, which include a variety of professional service fees, license fees, corporate insurance, lease expense, information system expense, and other general expenses. As of June 30, 2013, we had 161 employees located at our headquarters in Tampa, Florida compared to 121 employees as of June 30, 2012. We also have 64 employees located in Noida, India at June 30, 2013 versus 63 at June 30, 2012.

Income Taxes for the six months ended June 30, 2013 and 2012 were $22,512 and $9,160, respectively, for state, federal, and foreign income taxes resulting in an effective tax rate of 38.5% for 2013 and 39.2% for 2012.

Ratios:

The loss ratio applicable to the six months ended June 30, 2013 (losses and loss adjustment expenses incurred related to net premiums earned) was 28.2% compared to 45.6% for the six months ended June 30, 2012. Our loss ratio was positively impacted by a significant increase in our gross premiums earned during 2013 (See *Gross Premiums Earned* and *Losses and Loss Adjustment Expenses* above) and, also, by continued favorable trends in 2013 related to our losses and loss adjustment expenses.

The expense ratio applicable to the six months ended June 30, 2013 (defined as underwriting expenses, interest and other operating expenses related to net premiums earned) was 24.0% compared to 28.1% for the six months ended June 30, 2012. The decrease in our expense ratio is primarily attributable to the significant increase in 2013 in our gross premiums earned.

The combined loss and expense ratio (total of all expenses related to net premiums earned) is the key measure of underwriting performance traditionally used in the property and casualty industry. A combined ratio that is less than 100% generally reflects favorable underwriting results. A combined ratio over 100% generally reflects unprofitable underwriting results. Our combined ratio for the six months ended June 30, 2013 was 52.2% compared to 73.7% for the six months ended June 30, 2012. Our combined ratio was positively impacted by a significant increase in our gross premiums earned during 2013 (see *Gross Premiums Earned* above) and, also, by continued favorable trends in 2013 related to our losses and loss adjustment expenses.

Due to the impact our reinsurance costs have on net premiums earned from period to period, our management believes the combined loss and expense ratio measured to gross premiums earned is more relevant in assessing overall performance. The combined loss and expense ratio to gross premiums earned for the six months ended June 30, 2013 was 37.4% compared to 52.7% for the six months ended June 30, 2012.

Seasonality of Our Business

Our insurance business is seasonal as hurricanes and tropical storms typically occur during the period from June 1 through November 30 each year. With our reinsurance treaty year effective June 1 each year, any variation in the cost of our reinsurance, whether due to changes in reinsurance rates or changes in the total insured value of our policy base, will occur and be reflected in our financial results beginning June 1 each year.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, our liquidity requirements have been met through issuance of our common and preferred stock, our recent debt offering and funds from operations. We expect our future liquidity requirements will be met by funds from operations, primarily the cash received by HCPCI from premiums written and investment income. In addition, we may consider raising capital through future debt and equity offerings.

HCPCI requires liquidity and adequate capital to meet ongoing obligations to policyholders and claimants and to fund operating expenses. In addition, we attempt to maintain adequate levels of liquidity and surplus to manage any differences between the duration of our liabilities and invested assets. In the insurance industry, cash collected for premiums from policies written is invested, interest and dividends are earned thereon, and loss and loss adjustment expenses are paid out over a period of years. This period of time varies by the circumstances surrounding each claim. A substantial portion of our losses and loss adjustment expenses are fully settled and paid within 90 days of the claim receipt date. Additional cash outflow occurs through payments of underwriting costs such as commissions, taxes, payroll, and general overhead expenses.

We believe that we maintain sufficient liquidity to pay HCPCI's claims and expenses, as well as to satisfy commitments in the event of unforeseen events such as reinsurer insolvencies, inadequate premium rates, or reserve deficiencies. We maintain a comprehensive reinsurance program at levels management considers adequate to diversify risk and safeguard our financial position.

In the future, we anticipate our primary use of funds will be to pay claims and reinsurance premiums, and fund operating expenses.

Preferred Stock

Our cumulative convertible preferred stock ("Series A Preferred") is not redeemable prior to March 31, 2014. If we issue a conversion cancellation notice, the Series A Preferred will be redeemable on or after March 31, 2014 for cash, at our option, in whole or in part, at $10.00 per share, plus accrued and unpaid dividends to the redemption date. Otherwise, the Series A Preferred will be redeemable for cash, at our option, in whole or in part, at a redemption price equal to $10.40 per share for redemptions on or after March 31, 2014; $10.20 per share for redemptions on or after March 31, 2015; and $10.00 per share for redemptions on or after March 31, 2016, in each case, plus accrued and unpaid dividends to the redemption date.

The Series A Preferred shares have no stated maturity and are not subject to any sinking fund or mandatory redemption requirements. Holders of the Series A Preferred shares generally have no voting rights, except under limited circumstances, and holders are entitled to receive cumulative preferential dividends when and as declared by our Board of Directors.

Senior Notes Due 2020

In January 2013, we completed the sale of an aggregate of approximately $40,250 of our 8.00% senior notes ("Senior Notes") due 2020. The Senior Notes were issued under an Indenture, dated January 17, 2013, between us and The Bank of New York Mellon Trust Company, N.A., as Trustee. The Senior Notes bear interest at a rate of 8.00% per year, payable quarterly on January 30, April 30, July 30 and October 30 of each year, beginning on April 30, 2013. Interest on the Senior Notes began accruing from January 17, 2013, and the Senior Notes will mature on January 30, 2020. We may redeem the Senior Notes, in whole or in part, at any time on and after January 30, 2016, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. Additionally, we may at any time repurchase Senior Notes at any price in the open market and may hold, resell or surrender such Senior Notes to the Trustee for cancellation. The Senior Notes are our senior unsecured obligations, and rank on a parity with all of our other existing and future senior unsecured obligations. The Indenture relating to the Senior Notes, as supplemented, contains customary events of default. If an event of default occurs and is continuing with respect to any series of the Senior Notes, then the Trustee or the holders of at least 25% of the principal amount of the outstanding Senior Notes may declare the Senior Notes to be due and payable immediately. In addition, in the case of an event of default arising from certain events of bankruptcy, insolvency or reorganization, all outstanding Senior Notes will become due and payable immediately. See Note 5 – "Long-Term Debt" to our unaudited consolidated financial statements under Item 1 of this Quarterly Report on Form 10-Q for additional information.

Our Senior Notes are listed on the New York Stock Exchange and trade under the symbol “HCJ.”

Cash Flows

Cash Flows for the Six months ended June 30, 2013

Net cash provided by operating activities for the six months ended June 30, 2013 was approximately $42,541, which consisted primarily of cash received from net written premiums less cash disbursed for operating expenses, reinsurance premiums and losses and loss adjustment expenses. Net cash used in investing activities of $9,582 was primarily due to the purchases of available-for-sale securities of $11,183, the purchase of $2,692 in property and equipment and the purchase of $115 in other investments offset by redemptions and repayments of fixed-maturity securities of $1,736, and the proceeds from sales of available-for-sale securities of $2,672. Net cash provided by financing activities totaled $33,676, which was primarily due to $40,250 from the sale of Senior Notes offset by $1,525 in related underwriting and issuance costs paid during the period and, also, $5,094 in cash dividends paid.

Cash Flows for the Six months ended June 30, 2012

Net cash provided by operating activities for the six months ended June 30, 2012 was $23,974, which consisted primarily of cash received from net written premiums less cash disbursed for operating expenses, reinsurance premiums and losses and loss adjustment expenses. Net cash used in investing activities of $11,984 was primarily due to our business acquisition completed in April 2012 of $8,157, the purchases of available-for-sale securities of $11,554, purchases of other investments of approximately $967, and the purchase of $480 in property and equipment offset by redemptions of time deposits of $5,243, the proceeds from sales of available-for-sale securities of $3,931. Net cash provided by financing activities totaled $18,743, which was primarily due to $20,082 from the issuance of common stock and $1,375 from the exercise of common stock warrants offset by $3,151 in cash dividends paid.

Investments

The main objective of our investment policy is to maximize our after-tax investment income with a minimum of risk given the current financial market. Our excess cash is invested primarily in money market accounts and available-for-sale investments.

At June 30, 2013, we have $50,454 of available-for-sale investments, which are carried at fair value. Changes in the general interest rate environment affect the returns available on new fixed-maturity investments. While a rising interest rate environment enhances the returns available on new investments, it reduces the market value of existing fixed-maturity investments and thus the availability of gains on disposition. A decline in interest rates reduces the returns available on new fixed-maturity investments but increases the market value of existing fixed-maturity investments, creating the opportunity for realized investment gains on disposition.

With the exception of large national banks, it is our current policy not to maintain cash deposits of more than an aggregate of $5,500 in any one bank at any time. From time to time, we may have in excess of $5,500 of cash designated for investment and on deposit at a single national brokerage firm. In the future, we may alter our investment policy to include or increase investments in federal, state and municipal obligations, preferred and common equity securities and real estate mortgages, as permitted by applicable law, including insurance regulations.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2013 and December 31, 2012, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of SEC Regulation S-K.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as of June 30, 2013:

	Payment Due by Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease (1)	$ 1,194	116	250	276	552
Service agreement (1)	215	21	45	50	99
Long-term debt obligations (2)	61,985	3,220	6,440	6,440	45,885
Total	$63,394	3,357	6,735	6,766	46,536

(1) Represents the lease and maintenance service agreement for office space in Noida, India. Liabilities were converted from India Rupee to U.S. dollars using the July 1, 2013 exchange rate, the first available rate subsequent to June 30, 2013, which was a non-business day.

(2) Amounts represent principal and interest payments over the life of the Senior Notes due January 30, 2020.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have prepared our consolidated financial statements in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments to develop amounts reflected and disclosed in our financial statements. Material estimates that are particularly susceptible to significant change in the near term are related to our Reserves, which include amounts estimated for claims incurred but not yet reported, income taxes and reinsurance contracts with retrospective provisions.

Reserves for Losses and Loss Adjustment Expenses

Our liability for losses and loss adjustment expense (“Reserves”) are specific to property insurance, which is HCPCI’s only line of business. The Reserves include both case reserves on reported claims and our reserves for incurred but not reported (“IBNR”) losses. At each period end date, the balance of our Reserves is based on our best estimate of the ultimate cost of each claim for those known cases and the IBNR loss reserves are estimated based primarily on our historical experience. Changes in the estimated liability are charged or credited to operations as the losses and loss adjustment expenses are adjusted.

The IBNR represents our estimate of the ultimate cost of all claims that have occurred but have not been reported to us, and in some cases may not yet be known to the insured, and future development of reported claims. Estimating the IBNR component of our Reserves involves considerable judgment on the part of management. At June 30, 2013, $25,068 of the total $44,749 we have reserved for losses and loss adjustment expenses is specific to our estimate of IBNR. The remaining $19,681 relates to known cases which have been reported but not yet fully settled in which case we have booked a reserve based on our best estimate of the ultimate cost of each claim. At June 30, 2013, $9,239 of the $19,681 in reserves for known cases relates to claims incurred during prior years.

Our Reserves increased from $41,168 at December 31, 2012 to $44,749 at June 30, 2013. The $3,581 increase in our Reserves is comprised of $22,110 in new reserves specific to the 2013 loss year offset by reductions in our Reserves of $15,846 for 2012 and $2,683 for 2011 and prior loss years. The $22,110 in Reserves established for 2013 claims is primarily due to the increase in our policy count and exposures. The decrease of $18,529 specific to our 2012 and prior loss-year reserves is due both to settlement of claims and favorable development related to those loss years. Factors that are attributable to this favorable development may include a lower severity of claims than the severity of claims considered in establishing our Reserves, a lower number of new claims reported than anticipated, and actual case development may be more favorable than originally anticipated.

Based on all information known to us, we believe our Reserves at June 30, 2013 are adequate to cover our claims for losses that had occurred as of that date including losses yet to be reported to us. However, these estimates are subject to trends in claim severity and frequency and must continually be reviewed by management. As part of the process, we review historical data and consider various factors, including known and anticipated regulatory and legal developments, changes in social attitudes, inflation and economic conditions. As experience develops and other data becomes available, these estimates are revised, as required, resulting in increases or decreases to the existing unpaid losses and loss adjustment expenses. Adjustments are reflected in the results of operations in the period in which they are made and the liabilities may deviate substantially from prior estimates.

Economic Impact of Reinsurance Contracts with Retrospective Provisions

The total premium cost of the program to HCI Group is approximately $134,000 before broker fees. Certain of the reinsurance agreements include retrospective provisions that adjust premiums, increase the amount of future coverage, or result in profit commissions in the event losses are minimal or zero. As a result, we expect to recognize net reinsurance premiums ceded of approximately $113,000 from June 1, 2013 through May 31, 2014 assuming no losses occur during that period. In accordance with generally accepted accounting principles, we will recognize an asset in the period in which the absence of loss experience gives rise to an increase in future coverage or obligates the reinsurer to pay cash or other consideration under the contract. On the contrary, we derecognize such asset in the period in which a loss experience arises. Such adjustments to the asset, which accrue throughout the contract term, will negatively impact our operating results when a catastrophic loss event occurs.

As of June 30, 2013, we have recognized a benefit of $1,301 in connection with these agreements, an amount that would be charged to earnings in the event we experience a catastrophic loss that exceeds the coverage limits provided under such agreements.

In addition to Reserves and reinsurance contracts, we believe our accounting policies specific to premium revenue recognition, deferred policy acquisition costs, income taxes, and stock-based compensation expense involve our most significant judgments and estimates material to our consolidated financial statements. These accounting estimates and related risks that we consider to be our critical accounting estimates are more fully described in our Annual Report on Form 10-K, which we filed with the SEC on March 14, 2013. For the six months ended June 30, 2013, there have been no material changes with respect to any of our critical accounting policies.

RECENT ACCOUNTING PRONOUNCEMENTS

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 2 to our Notes to Consolidated Financial Statements.

ITEM 3 – *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Our investment portfolio at June 30, 2013 included fixed-maturity and equity securities, the purposes of which are not for trading or speculation. Our main objective is to maximize after-tax investment income and maintain sufficient liquidity to meet policyholder obligations while minimizing market risk which is the potential economic loss from adverse fluctuations in securities prices. We consider many factors including credit ratings, investment concentrations, regulatory requirements, anticipated fluctuation of interest rates, durations and market conditions in developing investment strategies. Investment securities are managed by investment companies and are overseen by the investment committee appointed by our board of directors. Our investment portfolios are primarily exposed to interest rate risk, credit risk and equity price risk. We classify our fixed-maturity and equity securities as available-for-sale and report any unrealized gains or losses, net of deferred income taxes, as a component of other comprehensive income within our stockholders' equity. As such, any material temporary changes in their fair value can adversely impact the carrying value of our stockholders' equity.

Interest Rate Risk

Our fixed-maturity securities are sensitive to potential losses resulting from unfavorable changes in interest rates. We manage the risk by analyzing anticipated movement in interest rates and considering our future capital needs.

The following table illustrates the impact of hypothetical changes in interest rates to the fair value of our fixed-maturity securities at June 30, 2013 (in thousands):

Hypothetical Change in Interest Rates	Estimated Fair Value	Change in Estimated Fair Value	Percentage Increase (Decrease) in Estimated Fair Value
300 basis point increase	$35,145	$ (4,974)	(12.40)%
200 basis point increase	36,802	(3,317)	(8.27)%
100 basis point increase	38,460	(1,659)	(4.13)%
100 basis point decrease	41,745	1,626	4.05%
200 basis point decrease	43,268	3,149	7.85%
300 basis point decrease	44,422	4,303	10.72%

Credit Risk

Credit risk can expose us to potential losses arising principally from adverse changes in the financial condition of the issuers of our fixed-maturity securities. We mitigate the risk by investing in fixed-maturity securities that are generally investment grade and by diversifying our investment portfolio to avoid concentrations in any single issuer or business sector.

The following table presents the composition of our fixed-maturity securities, by rating, at June 30, 2013 (in thousands):

Comparable Rating	Amortized Cost	% of Total Amortized Cost	Estimated Fair Value	% of Total Estimated Fair Value
AAA	$11,019	28	$11,527	29
AA+, AA, AA-	4,685	12	4,938	12
A+, A, A-	12,263	32	12,394	31
BBB+, BBB, BBB-	9,631	25	9,970	25
BB+, BB	1,240	3	1,290	3
Total	$38,838	100	$40,119	100

Equity Price Risk

Our equity investment portfolio at June 30, 2013 included common stocks, perpetual preferred stocks, mutual funds and exchange traded funds. We may incur potential losses due to adverse changes in equity security prices. We manage the risk primarily through industry and issuer diversification and asset allocation techniques.

The following table illustrates the composition of our equity securities at June 30, 2013 (in thousands):

	Estimated Fair Value	% of Total Estimated Fair Value
Stocks by sector:		
Financial	$ 2,483	24
Energy	988	10
Consumer	556	5
Other (1)	423	4
	4,450	43
Mutual funds and Exchange traded funds by type:		
Debt	5,626	54
Equity	259	3
	5,885	57
Total	$10,335	100

(1) Represents an aggregate of less than 5% sectors.

Foreign Currency Exchange Risk

At June 30, 2013, we did not have any material exposure to foreign currency related risk.

ITEM 4 – *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), we have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, and, based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, implementation of possible controls and procedures depends on management's judgment in evaluating their benefits relative to costs.

PART II – OTHER INFORMATION

ITEM 1 – *LEGAL PROCEEDINGS*

The Company is a party to claims and legal actions arising routinely in the ordinary course of our business. Although we cannot predict with certainty the ultimate resolution of the claims and lawsuits asserted against us, we do not believe that any currently pending legal proceedings to which we are a party will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1a – *RISK FACTORS*

With the exception of the item described below, there have been no material changes from the risk factors previously disclosed in the section entitled "Risk Factors" in our Form 10-K, which was filed with the SEC on March 14, 2013.

HCI Group, Inc. depends on the ability of its subsidiaries to generate and transfer funds to meet its Senior Notes obligation.

HCI Group, Inc. does not have significant revenue generating operations of its own. Our ability to make scheduled payments on our Senior Notes obligation depends on the financial condition and operating performance of our subsidiaries. If the funds we receive from our subsidiaries are insufficient to meet our Senior Notes obligation, we may be required to raise funds through the issuance of additional debt or equity securities or a reduction in or suspension of dividend payments, or the sale of assets.

ITEM 2 – *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds

None.

(c) Repurchases of Securities

The table below summarizes the number of shares of common stock surrendered by employees to satisfy their minimum federal income tax liability associated with the vesting of restricted shares during the three months ended June 30, 2013 (share amounts not in thousands):

For the Month Ended	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Maximum Number of Shares That May Yet Be Purchased Under The Plans or Programs (a)
April 30, 2013	2,766	$ 25.53	n/a	n/a
May 31, 2013	4,907	33.43	n/a	n/a
June 30, 2013	—	—	n/a	n/a
	7,673	$ 30.58		

(a) As of June 30, 2013, there was no established share repurchase plan.

Working Capital Restrictions and Other Limitations on Payment of Dividends

We are not subject to working capital restrictions or other limitations on the payment of dividends. Our insurance subsidiary, however, is subject to restrictions on the dividends it may pay. Those restrictions could impact HCI's ability to pay future dividends.

Under Florida law, a domestic insurer such as our insurance subsidiary, HCPCI, may not pay any dividend or distribute cash or other property to its stockholder except out of that part of its available and accumulated capital and surplus funds which is derived from realized net operating profits on its business and net realized capital gains. Additionally, Florida statutes preclude our insurance subsidiary from making dividend payments or distributions to its stockholder, HCI, without prior approval of the Florida Office of Insurance Regulation if the dividend or distribution would exceed the larger of (1) the lesser of (a) 10.0% of its capital surplus or (b) net income, not including realized capital gains, plus a two year carry forward, (2) 10.0% of capital surplus with dividends payable constrained to unassigned funds minus 25% of unrealized capital gains or (3) the lesser of (a) 10.0% of capital surplus or (b) net investment income plus a three year carry forward with dividends payable constrained to unassigned funds minus 25% of unrealized capital gains.

ITEM 3 – *DEFAULTS UPON SENIOR SECURITIES*

None.

ITEM 4 – *MINE SAFETY DISCLOSURES*

None.

ITEM 5 – *OTHER INFORMATION*

None.

ITEM 6 – *EXHIBITS*

The following documents are filed as part of this report:

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation, with amendments.
3.2	Bylaws.
4.1	Form of common stock certificate.
4.2	Supplement No. 1, dated as of January 17, 2013, to the Indenture, dated as of January 17, 2013, between HCI Group, Inc. (formerly known as Homeowners Choice, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee. Incorporated by reference to the correspondingly numbered exhibit to our Form 8-K filed January 17, 2013.
4.3	Form of 8.00% Senior Note due 2020 (included in Exhibit 4.2). Incorporated by reference to the correspondingly numbered exhibit to our Form 8-K filed January 17, 2013.
4.4	Indenture, dated as of January 17, 2013, between HCI Group, Inc. (formerly known as Homeowners Choices, Inc.) and The Bank of New York Mellon Trust Company, N.A. Incorporated by reference to Exhibit 4.4 to Amendment No. 1 to our Registration Statement on Form S-3 (File No. 333-185228) filed December 10, 2012.
4.6	Form of Subordinated Indenture. Incorporated by reference to the correspondingly numbered exhibit to Amendment No. 1 to our Registration Statement on Form S-3 (File No. 333-185228) filed December 10, 2012.
4.7	Form of 7% Series A Cumulative Redeemable Preferred Stock certificate.
4.8	See Exhibits 3.1 and 3.2 of this report for provisions of the Articles of Incorporation, as amended, and our Bylaws, as amended, defining certain rights of security holders. See also Exhibits 10.5, 10.6 and 10.7 defining certain rights of the recipients of stock options and other equity-based awards.
10.1	Excess of Loss Retrocession Contract, effective June 1, 2012, issued to Claddaugh Casualty Insurance Company, Ltd. Incorporated by reference to Exhibit 10.1 to our Form 8-K filed August 13, 2012.
10.2**	Executive Agreement dated May 1, 2007 between HCI Group, Inc. (formerly known as Homeowners Choice, Inc.) and Richard R. Allen. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.

10.3	Reimbursement Contract effective June 1, 2013 between Homeowners Choice Property & Casualty Insurance Company and the State Board of Administration which administers the Florida Hurricane Catastrophe Fund.
10.4**	Executive Employment Agreement dated July 1, 2011 between HCI Group, Inc. (formerly known as Homeowners Choice, Inc.) and Paresh Patel. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 12, 2011.
10.5**	HCI Group, Inc. 2012 Omnibus Incentive Plan.
10.6**	Homeowners Choice, Inc. 2007 Stock Option and Incentive Plan. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 29, 2008.
10.7**	Form of Incentive Stock Option Agreement. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.8	Addendum No. 1 to Reimbursement Contract effective June 1, 2013 between Homeowners Choice Property & Casualty Insurance Company and the State Board of Administration which administers the Florida Hurricane Catastrophe Fund.
10.9	Catastrophe Aggregate Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance company, Inc. by subscribing reinsurers (1). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.10	Catastrophe Aggregate Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (2). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.11	Reinstatement Premium Protection Agreement effective June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and Subscribing Reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.
10.12	Excess Catastrophe Reinsurance Contract effective June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and Subscribing Reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.

10.13	Excess Catastrophe Reinsurance Contract effective June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and Subscribing Reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.
10.14	Reinstatement Premium Protection Agreement effective June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and Subscribing Reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.
10.15	Aggregate Excess Catastrophe Reinsurance Agreement dated June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and Subscribing Reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.
10.16	Aggregate Excess Catastrophe Reinsurance Agreement dated June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and Subscribing Reinsurers (Layer B). Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.
10.17	Form of indemnification agreement for our officers and directors. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 12, 2009.
10.18	Catastrophe Aggregate Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (3). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.19	Catastrophe Aggregate Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (4). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.20	Per Occurrence Excess Of Loss Reinsurance contract dated June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and subscribing reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 14, 2012.
10.21	Catastrophe Aggregate Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (6). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

10.22	All Other Perils Excess Catastrophe Reinsurance Contract, effective January 1, 2012 through May 31, 2012, by and between Homeowners Choice Property & Casualty Insurance Company, Inc. and various reinsurers. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-K filed March 30, 2012.
10.23	Catastrophe Aggregate Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (5). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.24**	Executive Employment Agreement dated March 8, 2012 between Homeowners Choice, Inc. and Scott R. Wallace. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-K filed March 30, 2012.
10.25	Catastrophe Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (1). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.26	Catastrophe Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (2). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.27**	Restricted Stock Agreement dated April 20, 2012 whereby Homeowners Choice, Inc. issued 100,000 shares of restricted common stock to Scott R. Wallace. Incorporated by reference to Exhibit 10.27 of our Form 10-Q filed May 14, 2012.
10.28**	Restricted Stock Agreement dated May 8, 2012 whereby Homeowners Choice, Inc. issued 30,000 shares of restricted common stock to Richard R. Allen. Incorporated by reference to Exhibit 10.28 of our Form 8-K filed May 10, 2012.
10.29**	Restricted Stock Agreement dated May 8, 2012 whereby Homeowners Choice, Inc. issued 30,000 shares of restricted common stock to Sanjay Madhu. Incorporated by reference to Exhibit 10.29 of our Form 8-K filed May 10, 2012.
10.30**	Restricted Stock Agreement dated May 8, 2012 whereby Homeowners Choice, Inc. issued 20,000 shares of restricted common stock to Andrew L. Graham. Incorporated by reference to Exhibit 10.30 of our Form 8-K filed May 10, 2012.
10.31	PR-M Non-Bonus Assumption Agreement, dated September 20, 2012, by and between Homeowners Choice Property & Casualty Insurance Company and Citizens Property Insurance Corporation. Incorporated by reference to Exhibit 10.10 of our Form 8-K filed September 25, 2012.

10.32	Endorsement No. 1 to the Per Occurrence Excess of Loss Reinsurance Contract Effective June 1, 2012 by Homeowners Choice Property & Casualty Insurance Company, Inc. and subscribing reinsurers. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed May 9, 2013.
10.33	Working Layer Catastrophe Excess of Loss Reinsurance Contract effective June 1, 2013 issued to Homeowners Choice Property & Casualty Insurance Company by subscribing reinsurers. Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed May 9, 2013.
10.34**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 400,000 shares of restricted common stock to Paresh Patel. Incorporated by reference to Exhibit 10.34 of our Form 8-K filed May 21, 2013.
10.35**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 24,000 shares of restricted common stock to Sanjay Madhu. Incorporated by reference to Exhibit 10.35 of our Form 8-K filed May 21, 2013.
10.36**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 24,000 shares of restricted common stock to George Apostolou. Incorporated by reference to Exhibit 10.36 of our Form 8-K filed May 21, 2013.
10.37**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 24,000 shares of restricted common stock to Harish Patel. Incorporated by reference to Exhibit 10.37 of our Form 8-K filed May 21, 2013.
10.38**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 24,000 shares of restricted common stock to Gregory Politis. Incorporated by reference to Exhibit 10.38 of our Form 8-K filed May 21, 2013.
10.39**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 24,000 shares of restricted common stock to Anthony Saravanos. Incorporated by reference to Exhibit 10.39 of our Form 8-K filed May 21, 2013.
10.40**	Restricted Stock Agreement dated May 16, 2013 whereby Homeowners Choice, Inc. issued 24,000 shares of restricted common stock to Martin Traber. Incorporated by reference to Exhibit 10.40 of our Form 8-K filed May 21, 2013.
10.41	Catastrophe Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (3). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.42	Catastrophe Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (4). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

10.43	Catastrophe Excess of Loss Reinsurance Contract, effective: June 1, 2013, issued to, Homeowners Choice Property & Casualty Insurance Company, Inc. by subscribing reinsurers (5). Portions of this exhibit have been omitted pursuant to a request for confidential treatment
10.44	Reinstatement Premium Protection Agreement effective June 1, 2013 by Homeowners Choice Property & Casualty Insurance Company, Inc. and subscribing reinsurers (1). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.45	Reinstatement Premium Protection Agreement effective June 1, 2013 by Homeowners Choice Property & Casualty Insurance Company, Inc. and subscribing reinsurers (2). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.46	Reinstatement Premium Protection Agreement effective June 1, 2013 by Homeowners Choice Property & Casualty Insurance Company, Inc. and subscribing reinsurers (3). Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
10.47	Endorsement No 1, effective June 1, 2013, to Per Occurrence Excess of Loss Reinsurance contract dated June 1, 2013 by Homeowners Choice Property & Casualty Insurance Company, Inc. and subscribing reinsurers.
10.48	Excess of Loss Retrocession Contract, effective June 1, 2013, issued to Claddaugh Casualty Insurance Company Ltd. by subscribing reinsurers, including Oxbridge Reinsurance Limited (aggregate).
10.49	Excess of Loss Retrocession Contract, effective June 1, 2013, issued to Claddaugh Casualty Insurance Company Ltd. by subscribing reinsurers, including Oxbridge Reinsurance Limited (working layer).
10.50	Excess of Loss Retrocession Contract, effective June 1, 2012, issued to Claddaugh Casualty Insurance Company Ltd. by Moksha Re SPC Ltd. (aggregate).
10.51	Endorsement No. 1 Excess of Loss Retrocession Contract, effective June 1, 2013, issued to Claddaugh Casualty Insurance Company Ltd. by Moksha Re SPC Ltd.
14	Code of Conduct of HCI Group, Inc.
31.1	Certification of the Chief Executive Officer
31.2	Certification of the Chief Financial Officer
32.1	Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C.ss.1350
32.2	Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C.ss.1350

101.INS	XBRL Instance Document.(1)
101.SCH	XBRL Taxonomy Extension Schema.(1)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.(1)
101.DEF	XBRL Definition Linkbase.(1)
101.LAB	XBRL Taxonomy Extension Label Linkbase.(1)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.(1)

(1) Pursuant to Rule 406T of U.S. Securities and Exchange Commission Regulation S-T, the interactive data files on Exhibit 101 of this report are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

** Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, who has signed this report on behalf of the Company.

HCI GROUP, INC.

August 7, 2013 By: /s/ Paresh Patel
Paresh Patel
Chief Executive Officer
(Principal Executive Officer)

August 7, 2013 By: /s/ Richard R. Allen
Richard R. Allen
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this document has been provided to HCI Group, Inc. and will be retained by HCI Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Electronic Articles of Incorporation
For

P06000148652
FILED
November 30, 2006
Sec. Of State
clewis

HOMEOWNERS CHOICE, INC.

The undersigned incorporator, for the purpose of forming a Florida profit corporation, hereby adopts the following Articles of Incorporation:

Article I

The name of the corporation is:

HOMEOWNERS CHOICE, INC.

Article II

The principal place of business address:

145 NW CENTRAL PARK PLAZA
SUITE 110
PORT ST. LUCIE, FL. US 34986

The mailing address of the corporation is:

145 NW CENTRAL PARK PLAZA
SUITE 110
PORT ST. LUCIE, FL. US 34986

Article III

The purpose for which this corporation is organized is:

ANY AND ALL LAWFUL BUSINESS.

Article IV

The number of shares the corporation is authorized to issue is:

1,000,000

Article V

The name and Florida street address of the registered agent is:

F&L CORP.
ONE INDEPENDENT DRIVE
SUITE 1300
JACKSONVILLE, FL. 32202

I certify that I am familiar with and accept the responsibilities of registered agent.

Registered Agent Signature: MARTIN A. TRABER, V.P.

P06000148652
FILED
November 30, 2006
Sec. Of State
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Article VI

The name and address of the incorporator is:

ROBERT H. MACE, JR., C/O FOLEY & LARDNER LLP
100 NORTH TAMPA STREET
SUITE 2700
TAMPA, FLORIDA 33602

Incorporator Signature: ROBERT H. MACE, JR.

Article VII

The initial officer(s) and/or director(s) of the corporation is/are:

Title: D,P
FRANCIS X MCCAHILL III
145 NW CENTRAL PARK PLAZA, SUITE 110
PORT ST. LUCIE, FL. 34986 US

Title: D,VP
RONALD E CHAPMAN
145 NW CENTRAL PARK PLAZA, SUITE 110
PORT ST. LUCIE, FL. 34986 US

Title: CFO
RICHARD A ALLEN
145 NW CENTRAL PARK PLAZA, SUITE 110
PORT ST. LUCIE, FL. 34986 US

Title: D
PARESH PATEL
145 NW CENTRAL PARK PLAZA, SUITE 110
PORT ST. LUCIE, FL. 34986 US

Title: D
MARTIN A TRABER
100 NORTH TAMPA STREET, SUITE 2700
TAMPA, FL. 33602 US

Title: D
GREGORY POLITIS
145 NW CENTRAL PARK PLAZA, SUITE 110
PORT ST. LUCIE, FL. 34986 US

H07000126369 3

ARTICLES OF AMENDMENT

TO THE

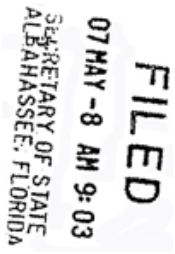
ARTICLES OF INCORPORATION

OF

HOMEOWNERS CHOICE, INC.

Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act ("FBCA"), Homeowners Choice, Inc., a Florida corporation (the "Corporation") hereby adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the Corporation is Homeowners Choice, Inc.



2. The Corporation was incorporated in the State of Florida on November 30, 2006, and assigned Document Number P06000148652.

3. Article IV of the Articles of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

"ARTICLE IV

The number of shares the Corporation is authorized to issue is 100,000,000 without par value consisting of 50,000,000 shares of Common Stock and 50,000,000 shares of Non-Voting Preferred Stock."

4. The foregoing Amendment to the Articles of Incorporation was adopted and approved by the Board of Directors and by the Shareholders of the corporation, in accordance with section 607.1003 of the Florida Statutes, effective as of March 1, 2007.

5. The foregoing amendment to the Corporation's Articles of Incorporation will become effective upon the filing of these Articles of Amendment to the Articles of Incorporation with the Florida Department of State.

WHEREUPON, this 3rd day of May, 2007, the Corporation has caused its President to execute these Articles of Amendment to Articles of Incorporation to be effective as of March 1, 2007.

By: _____
Francis X. McCahill, III, President & CEO

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
08 JUN -3 PM 1:09

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
HOMEOWNERS CHOICE, INC.

Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act ("FBCA"), Homeowners Choice, Inc., a Florida corporation (the "Corporation") hereby adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the Corporation is Homeowners Choice, Inc.

2. The Corporation was incorporated in the State of Florida on November 30, 2006, and assigned Document Number P06000148652.

3. Article JV of the Articles of Incorporation of the Corporation is hereby amended and hereafter restated to read in its entirety as follows:

"ARTICLE IV

The number of shares the Corporation is authorized to issue is 150,000,000, without par value, consisting of 100,000,000 shares of Common Stock and 50,000,000 shares of Preferred Stock. The Board of Directors is expressly authorized, pursuant to Section 607.0602 of the Florida Business Corporation Act ("FBCA"), to provide for the classification and reclassification of any unissued shares of Preferred Stock and the issuance thereof in one or more classes or series without approval of the shareholders of the Corporation, all within the limitations set forth in Section 607.0601 of the FBCA."

4. Article VII of the Articles of Incorporation of the Corporation is hereby amended and hereafter restated to read in its entirety as follows:

"ARTICLE VII

The Board of Directors shall be classified by or pursuant to these Articles of Incorporation or by the Bylaws of the Corporation. The directors shall be classified, with respect to the time for which they severally hold office, into three classes, Class A, Class B and Class C, each of which shall be as nearly equal number as possible, and shall be adjusted from time to time in the manner specified in the Bylaws to maintain such proportionality. Each initial director in Class A shall hold office for a term expiring at the 2009 annual meeting of the shareholders; each director in Class B shall hold office for a term expiring at the 2010 annual meeting of the shareholders; and each director in Class C shall hold office for a term expiring at the 2011 annual meeting of the shareholders. Notwithstanding the foregoing provisions of this Article VII, each director shall serve until such director's successor is duly elected and qualified or until such director's earlier death, resignation or removal. At each annual meeting of the shareholders, successors to the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of the shareholders held in the third year following the year of election and until their successors shall have been duly elected and qualified or until such director's earlier death, resignation or removal."

5. The Board of Directors of the Corporation duly adopted and approved resolutions on April 8, 2008 proposing and declaring advisable that the Articles of Incorporation be amended by deleting the existing ARTICLES “IV” and “VII” in their entirety and substituting therefore the aforesaid amendments.

6. The aforesaid proposed amendments were adopted and approved by a vote of the shareholders of the Corporation at the annual meeting on May 29, 2008. The number of votes cast for the amendments was sufficient. All shares of stock of the Corporation are shares of common stock and there was no group entitled to vote separately.

7. The aforesaid amendments to the Corporation’s Articles of Incorporation do not provide for an exchange, reclassification or cancellation of issued shares.

8. The aforesaid amendments to the Corporation’s Articles of Incorporation will be become effective upon the filing of these Articles of Amendment to the Articles of Incorporation with the Florida Department of State.

IN WITNESS WHEREOF, Homeowners Choice, Inc. has caused these Articles of Amendment of the Articles of Incorporation to be executed by its President on this 29th of May, 2008.

HOMEOWNERS CHOICE, INC.

By: _____

Paresh Patel, Chairman of the Board

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
HOMEOWNERS CHOICE, INC.

Pursuant to the provisions of Section 607-1006 of the Florida Business Corporation Act ("FBCA"), Homeowners Choice, Inc., a Florida corporation (the "Corporation"), hereby adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the Corporation is Homeowners Choice, Inc.

2. The Corporation was incorporated in the State of Florida on November 30, 2006, and assigned Document Number P06000148652.

3. Article IV of the Articles of Incorporation of the Corporation is hereby amended and hereafter restated to read in its entirety as follows:

FILED
08 JUN 16 AM 8:45
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLE IV

Section 4.01 Reverse Stock Split. Effective 5:00 P.M. June 16, 2008 (the "Effective Time"), each two and one-half shares of Common Stock of the Corporation ("Old Common Stock") issued and outstanding immediately prior to the Effective Time shall be automatically combined, reclassified and exchanged into one share of Common Stock of the Corporation ("New Common Stock").

No fractional shares of New Common Stock will result from or be issued in connection with the foregoing combination, reclassification and exchange of shares of Old Common Stock.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the certificate for exchange, represent that number of shares of New Common Stock into which the shares of Old Common Stock represented by such certificate have been combined, exchanged and reclassified; provided, however, that each holder of record of certificate that represented shares of Old Common Stock shall receive, upon surrender of such certificate, a new certificate representing the number of shares of New Common Stock into which the shares of Old Common Stock represented by such certificate have been combined, exchanged and reclassified.

At the Effective Time, the number of authorized shares will be correspondingly reduced as reflected in Section 4.02 below.

Section 4.02 Authorized Shares. The number of shares the Corporation is authorised to issue is 60,000,000, without par value, consisting of 40,000,000 shares of Common Stock and 20,000,000 shares of Preferred Stock. The Board of Directors is expressly authorized, pursuant to Section 607.0602 of

Carolyn T. Long, Esquire
Florida Bar # 0050032
Foley & Lardner
100 N. Tampa Street, Suite 2700
Tampa, Florida 33602
Phone 813-229-2300

(((H08000152607 3)))

the Florida Business Corporation Act ("FBCA"), to provide for the classification and reclassification of any unissued shares of Preferred Stock and the issuance thereof in one or more classes or series without approval of the shareholders of the Corporation, all within the limitations set forth in Section 607.0601 of the FBCA.

* * * * * * * * *

4. The Board of Directors of the Corporation duly adopted and approved a resolution proposing that the shareholders approve the aforesaid amendment and declaring advisable the aforesaid amendment on May 7, 2008.

5. The aforesaid amendment was adapted and approved by a vote of the shareholders of the Corporation at the annual meeting on May 29, 2008. The number of votes cast for the amendments was sufficient. All issued shares of stock of the Corporation are shares of common stock and there was no group entitled to vote separately.

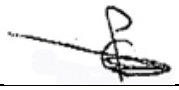
6. The provisions for implementing the combination, exchange and reclassification of issued shares of the Corporation are contained in this Articles of Amendment to the Articles of Incorporation of the Corporation.

7. This amendment does not adversely affect the rights or preferences of the holders of the outstanding shares of any class or series of the Corporation and does not result in the percentage of authorized shares that remain unissued after the combination exceeding the percentage of authorized shares that were unissued before the combination.

8. The aforesaid amendment to the Corporation's Articles of Incorporation will be become affective upon filing on June 16, 2008.

IN WITNESS WHEHEOF, Homeowners Choice, Inc. has caused these Articles of Amendment of the Articles of Incorporation to be executed by its Chairman on this 16th of June, 2008.

HOMEOWNERS CHOICE, INC.

By: 

Paresh Patel, Chairman of the Board

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION OF

HOMEOWNERS CHOICE, INC.

DESIGNATION OF RIGHTS, PREFERENCES, AND LIMITATIONS OF
SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

FIRST: This Corporation is named Homeowners Choice, Inc, (the "Corporation"). The Articles of Incorporation of the Corporation were originally filed with the Secretary of State of the State of Florida and became effective on November 30, 2006. Articles of Amendment to the Articles of Incorporation were filed and became effective on May 8, 2007, June 3, 2008, and June 16, 2008.

SECOND: Pursuant to the authority of the Board of Directors of the Corporation set forth in the Corporation's Articles of Incorporation, as amended, and Section 607.0602 of the Florida Business Corporation Act, the Board of Directors of the Corporation, by resolutions duly adopted as of January 26, 2011, has amended the Corporation's Articles of Incorporation to (i) designate a series of preferred stock of the Corporation as "Series A Cumulative Redeemable Preferred Stock," consisting of 1,500,000 shares of the Corporation's authorized but unissued preferred stock, (ii) authorize the issuance of a maximum of 1,500,000 shares of Series A Cumulative Redeemable Preferred Stock, and (iii) set the rights, preferences, limitations, and other terms and conditions of the Series A Cumulative Redeemable Preferred Stock. Approval of the shareholders of the Corporation was not required.

THIRD: Article IV of the Articles of Incorporation of the Corporation is hereby amended to add the following Section 4.03:

"Section 4.03 Series A Cumulative Redeemable Preferred Stock.

1. **Designation and Amount**. A total of 1,500,000 shares of preferred stock, no par value per share, of the Corporation shall be designated "Series A Cumulative Redeemable Preferred Stock."

2. **Rank**. All shares of Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred") will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Corporation, rank (a) prior or senior to the Common Stock issued by the Corporation; (b) prior or senior to all classes or series of preferred stock issued by the Corporation, the terms of which specifically provide that such shares rank junior to the Series A Preferred with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Corporation; (c) on a parity with all classes or series of shares of preferred stock issued by the Corporation, the terms of which specifically provide that such shares rank on a parity with the Series A Preferred with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Corporation (the "Parity Shares"); and (d) junior to all existing and future indebtedness of the Corporation.

3. **Maturity**. The Series A Preferred has no stated maturity and will not be subject to any sinking fund or mandatory redemption.

4. **Dividends**.

(a) Holders of the Series A Preferred shall be entitled to receive, when and as authorized by the Board of Directors of the Corporation, or a duly authorized committee thereof, and declared by the Corporation out of funds of the Corporation legally available for payment, preferential cumulative cash dividends at the rate of 7.00% per annum of the Liquidation Preference (as defined below) per share (equivalent to a fixed annual amount of $0.70 per share). Such dividends shall be cumulative from the date of original issue and shall accrue on the last day of each month (each a "Dividend Accrual Date") for the period ending on such Dividend Accrual Date, commencing on the date of issue. The first dividend will accrue on May 31, 2011 with respect to the period beginning on the dare of issue and ending on May 31, 2011. Any dividend accruing on the Series A Preferred for any partial dividend period will be computed on the basis of twelve 30-day months and a 360-day year. Dividends will be payable in arrears to holders of record as they appear on the share transfer records of the Corporation at the close of business on the applicable record date, which shall be the date designated by the Board of Directors of the Corporation as the record date for the payment of dividends (each, a "Dividend Record Date"). When so designating the Dividend Record Date, the Board of Directors shall establish the date of payment for such accrued dividends (each, a "Dividend Payment Date"), which date shall be no more than 30 nor less than 10 days after such Dividend Record Date.

(b) No dividends on the Series A Preferred shall be authorized by the Board of Directors of the Corporation or declared or paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law.

(c) Notwithstanding the foregoing, dividends on the Series A Preferred will accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends, whether or not such dividends are declared and whether or not such dividends are prohibited by agreement. Accrued but unpaid dividends on the Series A Preferred will accumulate and earn additional dividends at 7.00%, compounded monthly. Except as set forth in the next sentence, the Board of Directors of the Corporation shall not declare, pay or set apart for payment any dividends on any other class or series of preferred stock ranking, as to dividends, on a parity with or junior to the Series A Preferred (other than a dividend payable in capital stock of the Corporation ranking junior to the Series A Preferred as to dividends and upon liquidation) if, after the tenth (10th) day after the respective Dividend Accrual Date, the Corporation has not paid in full the cumulative dividends on the Series A Preferred due thereon; following payment of such cumulative dividends, however, the Board of

Directors of the Corporation may then declare, pay or set apart for payment any dividends on any other class or series of preferred stock ranking, as to dividends, on a parity with or junior to the Series A Preferred. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred and the shares of any other class or series of preferred stock ranking on a parity as to dividends with the Series A Preferred, all dividends declared upon the Series A Preferred and any other class or series of preferred stock ranking on a parity as to dividends with the Series A Preferred shall be declared pro rata so that the amount of dividends declared per share of the Series A Preferred and such other class or series of preferred stock, shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A Preferred and such other class or series of preferred stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend) bear to each other.

(d) Unless full cumulative dividends on the Series A Preferred have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods and the then current dividend period, neither the Common Stock, nor any other class or series of capital stock of the Corporation ranking junior to or on a parity with the Series A Preferred as to dividends or upon liquidation may be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation (except by conversion into or exchange for any other class or series of capital stock of the Corporation ranking junior to the Series A Preferred as to dividends). Holders of the Series A Preferred shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends on the Series A Preferred as provided above. Any dividend payment made on the Series A Preferred shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable,

5. **Liquidation Preference**.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the Series A Preferred are entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of $10.00 per share (the "Liquidation Preference") in cash or property at Us fair market value as determined by the Board of Directors of the Corporation, plus an amount equal to any accrued and unpaid dividends to the date of payment, but without interest, before any distribution of assets is made to holders of the Corporation's Common Stock or any other class or series of capital stock of the Corporation that ranks junior to the Series A Preferred as to liquidation rights. The Corporation will promptly provide to the holders of the Series A Preferred written notice of any event triggering the right to receive such Liquidation Preference. After payment of the full amount of the Liquidation Preference, plus any accrued and unpaid dividends to which they are entitled, the holders of the Series A Preferred will have no right or claim to any of the remaining assets of the Corporation. The consolidation or merger of the Corporation with or into any other corporation, trust or entity or of any other corporation, trust or entity with or into the Corporation, the sale, lease or conveyance of all

or substantially all of the property or business of the Corporation or a statutory share exchange, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation, unless a liquidation, dissolution or winding up of the Corporation is effected in connection with, or as a step in a series of transactions by which, a consolidation or merger of the Corporation is effected. In determining whether a distribution (other than upon voluntary or involuntary liquidation) by dividend, redemption or other acquisition of shares of capital stock of the Corporation or otherwise is permitted under Florida law, no effect shall be given to amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon distribution to holders of shares of capital stock of the Corporation whose preferential rights upon distribution are superior to those receiving the distribution.

(b) If upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the Series A Preferred shall be insufficient to pay in full the above described preferential amount and liquidating payments on any other class or series of Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of the Series A Preferred and any such other Parity Shares ratably in the same proportion as the respective amounts that would be payable on such Series A Preferred and any such other Parity Shares if all amounts payable thereon were paid in full.

(c) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series A Preferred and any Parity Shares, the holders of Common Stock shall be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A Preferred and any Parity Shares shall not be entitled to share therein.

6. **Redemption**.

(a) The Corporation may, at its option, upon not less than 30 nor more than 60 days' written notice, redeem the Series A Preferred, in whole or in pan, at any lime or from time to time, for cash at a redemption price equal to (i) 104% of the Liquidation Preference per share on or after March 31, 2014, (ii) 102% of the Liquidation Preference per share on or after March 31, 2015, (iii) the Liquidation Preference per share on or after March 31, 2016, and (iv) provided that the Corporation has previously canceled the conversion rights of the holders of the Series A Preferred pursuant to a Conversion Cancellation Notice (as defined in subsection 8(b)) that was issued in accordance with the terms of subsection 8(b), the Liquidation Preference per share on or after a Conversion Cancellation Event (as defined in subsection 8(b)), plus, in each case, all accrued and unpaid dividends thereon to the date fixed for redemption (the "Redemption Date"), without Interest.

(b) No Series A Preferred may be redeemed except with assets legally available for the payment of the redemption price. Holders of Series A Preferred to be redeemed shall surrender such Series A Preferred at the place designated in such notice and shall be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption of any

of the Series A Preferred has been given and if the funds necessary for such redemption have been set aside, separate and apart from other funds, by the Corporation in trust for the pro rata benefit of the holders of any Series A Preferred so called for redemption, then from and after the Redemption Date dividends will cease to accrue on such Series A Preferred, such Series A Preferred shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price, If less than all of the outstanding Series A Preferred is to be redeemed, the Series A Preferred to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Corporation.

(c) Unless full cumulative dividends on all Series A Preferred shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, no Series A Preferred shall be redeemed unless all outstanding Series A Preferred is simultaneously redeemed and the Corporation shall not purchase or otherwise acquire, directly or indirectly, any Series A Preferred (except by exchange for any other class or series of capital stock of the Corporation ranking junior to the Series A Preferred as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase or acquisition of Series A Preferred pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series A Preferred. So long as no dividends are in arrears, the Corporation shall be entitled at any time and from time to time to repurchase any Series A Preferred in open-market transactions duly authorized by the Board of Directors of the Corporation and effected in compliance with applicable laws.

(d) Notice of redemption of the Series A Preferred shall be mailed by the Corporation by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the Redemption Date, addressed to each holder of record of the Series A Preferred to be redeemed at such holder's address as the same appears on the share transfer records of the Corporation. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any Series A Preferred except as to the holder to whom notice was defective or not given. Each notice shall state; (0 the Redemption Date; (ii) the redemption price; (iii) the number of shares of Series A Preferred to be redeemed; and (iv) the place or places where the Series A Preferred is to be surrendered for payment of the redemption price.

(e) Immediately prior to any redemption of Series A Preferred, the Corporation shall pay, in cash, any accumulated and unpaid dividends through the Redemption Date, unless a Redemption Date falls after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case each holder of Series A Preferred at the close of business on such Dividend Record Date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares before such Dividend Payment Date.

(f) The Series A Preferred has no stated maturity and will not be subject to any sinking fund or mandatory redemption provisions.

(g) Subject to applicable law and the limitation on purchases when dividends on the Series A Preferred are in arrears, the Corporation may, at any time and from time to time, purchase any Series A Preferred in the open market, by tender or by private agreement.

(h) All Series A Preferred redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and reclassified as authorized but unissued preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock in accordance with the applicable provisions of these Articles of Incorporation.

7. **Voting Rights**.

(a) Holders of the Series A Preferred will not have any voting rights, except as set Forth below.

(b) Whenever dividends on any Series A Preferred shall have not been declared and fully paid for more than six (6) consecutive months (a "Preferred Dividend Default"), the number of directors then constituting the Board of Directors of the Corporation shall increase by two (if not already increased by reason of a similar arrearage with respect to any Parity Preferred (as hereinafter defined)). The holders of such Series A Preferred (voting separately as a class with all other classes or series of preferred stock ranking on a parity with the Series A Preferred as to dividends or upon liquidation and upon which like voting rights have been conferred and are exercisable ("Parity Preferred")) will be entitled to vote separately as a class, in order to fill the vacancies thereby created, for the election of a total of two additional directors of the Corporation (the "Preferred Stock Directors") at a special meeting called by the holders of record of at least 20% of the Series A Preferred or the holders of record of at least 20% of any series of Parity Preferred so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders) or at the next annual meeting of shareholders, and at each subsequent annual meeting at which a Preferred Stock Director is to be elected until up to twelve months after all dividends accumulated on such Series A Preferred and Parity Preferred for the past dividend periods and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. At least one of the Preferred Stock Directors shall meet the "independence" standards mandated by The Nasdaq Stock Market LLC (the "Nasdaq"), or such other exchange or inter-dealer market upon which the Series A Preferred is traded. For so long as the directors of the Corporation are divided into classes, each such vacancy shall be apportioned among the classes of directors to prevent stacking in any one class and to ensure that the number of directors in each of the classes of directors are as equal as possible. Within twelve months after all accumulated dividends and the dividend for the then current dividend period on the Series A Preferred shall have been paid in full or declared and set aside for payment in full the holders thereof shall be divested of the

foregoing voting rights (subject to revesting in the event of each and every Preferred Dividend Default) and, if all accumulated dividends and the dividend for the then current dividend period have been paid in full or set aside for payment in full on the Series A Preferred and all series of Parity Preferred upon which like voting rights have been conferred and are exercisable, the term of office of each Preferred Stock Director so elected shall terminate within twelve months thereafter and the number of directors then constituting the Board of Directors of the Corporation shall decrease accordingly, Any Preferred Stock Director may be removed at any time with or without cause by, and shall not be removed otherwise than by, the vote of the holders of record of a majority of the outstanding Series A Preferred when they have the voting rights described above (voting separately as a class with all series of Parity Preferred upon which like voting rights have been conferred and are exercisable). So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series A Preferred when they have the voting rights described above (voting separately as a class with all series of Parity Preferred upon which like voting rights have been conferred and are exercisable). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(c) So long as any shares of the Series A Preferred remain outstanding, the Corporation will not, without the affirmative vote or consent of the holders of the Series A Preferred entitled to cast at least two-thirds of the votes entitled to be cast by the holders of the Series A Preferred, given in person or by proxy, either in writing or at a meeting (voting separately as a class):

(i) amend, alter or repeal the provisions of the Corporation's Articles of Incorporation, whether by merger, consolidation or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred or the holders thereof; or

(ii) authorize, create or issue, or increase the authorized or issued amount of, any class or series of capital stock or rights to subscribe to or acquire any class or series of capital stock or any class or series of capital stock convertible into any class or series of capital stock, in each case ranking senior to the Series A Preferred with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any shares of capital stock into any such shares;

provided, however, that with respect to the occurrence of any Event set forth above, so long as the Series A Preferred (or any equivalent class or series of stock or shares issued by the surviving corporation, trust or other entity in any merger or consolidation to which the Corporation became a party) remains outstanding with the terms thereof materially unchanged, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series A Preferred; and provided, further, that (i) any increase in the amount of the authorized preferred stock or the creation or issuance of any other class or series of preferred stock, (ii) any increase in the amount of the authorized shares

of such series, in each case ranking on a parity with or junior to the Series A Preferred with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or (iii) any merger or consolidation in which the Corporation is not the surviving entity if, as a result of the merger or consolidation, the holders of Series A Preferred receive cash in the amount of the Liquidation Preference in exchange for each of their shares of Series A Preferred, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) With respect to the exercise of the above described voting rights, each share of the Series A Preferred shall have one vote per share, except that when any other class or series of capital stock shall have the right to vote with the Series A Preferred as a single class, then the Series A Preferred and such other class or series of capital stock shall each have one vote per $10.00 of liquidation preference.

(e) The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, ail outstanding shares of the Series A Preferred shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(f) Except as expressly stated herein, the Series A Preferred shall not have any relative, participating, optional or other special voting rights and powers, and the consent of the holders thereof shall not be required for the taking of any corporate action, including but not limited to, (i) any merger or consolidation involving the Corporation or a sale of all or substantially all of the assets of the Corporation, irrespective of the effect that such merger, consolidation or sale may have upon the rights, preferences or voting power of the holders of the Series A Preferred, or (ii) any authorization, creation or issuance, or increase in the authorized or issued amount of, any class or series of Parity Preferred or rights to subscribe to or acquire any class or series of Parity Preferred or any class or series of capital stock convertible into any class or series of Parity Preferred, or reclassification of any shares of capital stock into any such shares.

8. **Conversion**.

(a) Subject to and upon compliance with the provisions of this subsection 8, a holder of the Series A Preferred shall have the right, at the holder's option, at any time to convert such shares, in whole or in part, into the number of authorized but previously unissued shares of Common Stock obtained by dividing the aggregate Liquidation Preference of such shares by $10.00, the conversion price per share of Common Stock at which the Series A Preferred is convertible into shares of Common Stock, as such price may be adjusted pursuant to paragraph (g) of this subsection 8 (the "Conversion Price") (as in effect at the time and on the date provided for paragraph (c) of this subsection 8) by delivering such shares to be converted, such delivery to be made in the manner provided in paragraph (c) of this subsection 8; provided, however, that the right to convert shares called for redemption pursuant to subsection 6 of this Section 4.03 shall terminate at the close of business on the Business Day prior to the Redemption Date, unless the Corporation shall default in making payment of any amounts payable upon such

redemption under subsection 6 of this Section 4.03, “Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close.

(b) The conversion rights of the holders of the Series A Preferred are subject to cancellation by the Corporation on or after March 31, 2014 if, (i) for at least 20 Trading Days (as defined below) within any period of 30 consecutive Trading Days, the Current Market Price (as defined below) of the Common Stock of the Corporation exceeds the Conversion Price by more than 20% and (ii) the Common Stock is then traded on the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, or the NYSE Amex (a “Conversion Cancellation Event”). Within 90 days of the occurrence of a Conversion Cancellation Event, the Corporation may, at its option, provide notice to the respective holders of record of the Series A Preferred at their respective addresses as they appear on the share transfer records of the Corporation, via first class mail, specifying a date upon which each such holder’s conversion rights will be deemed cancelled (a “Conversion Cancellation Notice”). The cancellation date specified in the Conversion Cancellation Notice will be more than 30 days, but less than 60 days, after the Conversion Cancellation Notice is mailed. The right to convert the shares of the Series A Preferred for which any Conversion Cancellation Notice has been issued will terminate at the close of business on the Business Day prior to the cancellation date specified in the Conversion Cancellation Notice. “Trading Day” shall mean any day on which the securities in question are traded on the Nasdaq Global Select Market, or if such securities are not listed or admitted for trading on the Nasdaq Global Select Market, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, in the applicable securities market in which the securities are traded. “Current Market Price” of the Common Stock of the Corporation for any day shall mean the last reported sales price on such day or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, in either case as reported on the Nasdaq Global Select Market or, if such security is not listed or admitted for trading on the Nasdaq Global Select Market, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any Nasdaq member firm regularly making a market in such security and selected for such purpose by the Board of Directors of the Corporation or, if such security is not so listed or quoted, as determined in good faith at the sole discretion of the Board of Directors of the Corporation, which determination shall be final, conclusive and binding.

(c) In order to exercise the conversion right, the holder of the Series A Preferred to be converted shall deliver the certificate evidencing such shares, duly endorsed or assigned to the Corporation or in blank, to the office of the transfer agent of the Corporation, accompanied by written notice to the Corporation that the holder thereof elects to convert such shares of Series A Preferred. Unless the shares issuable on

conversion are to be issued in the same name as the name in which such shares of Series A Preferred are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized agent and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid).

(d) Holders of Series A Preferred exercising their conversion rights will not be entitled to, nor will the Conversion Price be adjusted for, any accumulated and unpaid dividends, whether or not in arrears, or for dividends on the Common Stock issued upon conversion. Holders of Series A Preferred at the close of business on a Dividend Record Date will be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion of such shares following such Dividend Record Date and prior to such Dividend Payment Date. However, Series A Preferred surrendered for conversion during the period between the close of business on any Dividend Record Date and ending with the opening of business on the corresponding Dividend Payment Dale (except shares converted after the issuance of a notice of redemption with respect to a Redemption Date during such period or coinciding with such Dividend Payment Date, which will be entitled to such dividend on the Dividend Payment Date) must be accompanied by payment of an amount equal to the dividend payable on such shares on such Dividend Payment Date. A holder of Series A Preferred on a Dividend Record Date who (OR whose transferee) tenders any such shares for conversion into Common Stock on such Dividend Payment Date will receive the dividend payable by the Corporation on such Series A Preferred on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of Series A Preferred for conversion.

(e) As promptly as practicable after the surrender of certificates for Series A Preferred as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or on his written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions of this subsection 8, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in paragraph (0 of this subsection 8. Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for Series A Preferred shall have been surrendered and such notice (and if applicable, payment of an amount equal to the dividend payable on such shares as described above) received by the Corporation as aforesaid, and the person or persons in whose name or names any certificate or certificates for Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date, and such conversion shall be at the Conversion Price in effect at such time and on such date, unless the share transfer books of the Corporation shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the opening of business on the next succeeding day on which such share transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such certificates for Series A Preferred have been surrendered and such notice received by the Corporation.

(f) No fractional shares or scrip representing fractions of Common Stock shall be issued upon conversion of the Series A Preferred. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Series A Preferred, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one share of Series A Preferred shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred so surrendered.

(g) If the Corporation shall (i) make a payment of dividends or distributions to holders of any class or series of capital stock of the Corporation in Common Stock, (ii) subdivide its outstanding Common Stock into a greater number of shares, (iii) combine its outstanding Common Stock into a smaller number of shares or (iv) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Price shall be adjusted so that the holder of any Series A Preferred thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such shares been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this paragraph (g) shall become effective immediately after the opening of business on the day next following the record date (except as provided in paragraph (i) of this subsection 8) in the case of a distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification. Such adjustment(s) shall be made successively whenever any of the events listed above shall occur.

(h) Whenever the Conversion Price is adjusted as set forth in paragraph (g) of this subsection 8, the Corporation shall promptly file with the transfer agent of the Corporation an officer's certificate setting forth the Conversion Price after such adjustment. Promptly after delivery of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Price, setting forth the adjusted Conversion Price and the effective date on which such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holder of each share of Series A Preferred at such holder's last address as shown on the share records of the Corporation.

(i) In any case in which paragraph (g) of subsection 8 provides that an adjustment shall become effective on the date next following the record date for an event, the Corporation may defer until the occurrence of such event (I) issuing to the holder of any Series A Preferred converted after such record date and before the occurrence of such event the additional Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (II) fractionalizing any Series A Preferred and/or paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (f) of this subsection 8.

(j) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock, for the purpose of effecting conversion of the Series A Preferred, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Series A Preferred not theretofore converted. For purposes of this paragraph (j), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding Series A Preferred shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Corporation covenants that any Common Stock issued upon conversion of the Series A Preferred shall be validly issued, fully paid and nonassessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then par value of the Common Stock deliverable upon conversion of the Series A Preferred, the Corporation will take any action that, in the opinion of its counsel, may be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable Common Stock at such adjusted Conversion Price.

(k) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Common Stock or other securities or property on conversion of the Series A Preferred pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of Common Stock or other securities or property in a name other than that of the holder of the Series A Preferred to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

(1) In addition to the foregoing adjustments, the Corporation shall be entitled to make such reductions in the Conversion Price, in addition to those required herein, as it in its discretion considers to be advisable in order that any share distributions, subdivisions of shares, reclassification or combination of shares, distribution of rights, options, warrants to purchase shares or securities, or a distribution of other assets (other than cash distributions) will not be taxable or, if that is not possible, to diminish any income taxes that are otherwise payable because of such event

9. **Articles of Incorporation and Bylaws**

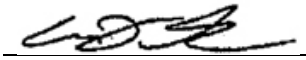
(a) The rights of all holders of the Series A Preferred and the terms of the Series A Preferred are subject to the provisions of the Articles of Incorporation, as amended, and the Bylaws of the Corporation.

(b) Except as may otherwise be required by law, the Series A Preferred shall not have any voting powers, preferences or relative, participating, optional or other special rights, other than those specifically set forth in the Corporation's Articles of Incorporation (as such may be amended from time to time). The Series A Preferred shall have no preemptive or subscription rights.

(c) The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(d) If any voting powers, preferences or relative, participating, optional and other special rights of the Series A Preferred or qualifications, limitations or restrictions thereof set forth in the Corporation's Articles of Incorporation (as such may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other voting powers, preferences and relative, participating, optional and other special rights of Series A Preferred and qualifications, limitations and restrictions thereof set forth in the Corporation's Articles of Incorporation (as so amended) which can be given effect without the invalid, unlawful or unenforceable voting powers, preferences or relative, participating, optional or other special rights of Series A Preferred or qualifications, limitations and restrictions thereof shall be given such effect. None of the voting powers, preferences or relative participating, optional or other special rights of the Series A Preferred or qualifications, limitations or restrictions thereof herein set forth shall be deemed dependent upon any other such voting powers, preferences or relative, participating, optional or other special right of Series A Preferred or qualifications, limitations or restrictions thereof unless so expressed herein.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment as of March 7, 2011.



Andrew L. Graham,
Secretary

H11000059959 3

ARTICLES OF AMENDMENT
OF
HOMEOWNERS CHOICE, INC.

FILED
2013 MAY 28 AM 9:27
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

1. Article I of the Articles of Incorporation of HOMEOWNERS CHOICE, INC. is amended in its entirety to read as follows:

"ARTICLE I NAME

The name of the corporation is HCI GROUP, INC."

* * * * * * *

2. The foregoing amendment was adopted May 22, 2013.

3. The number of votes cast for the amendment by the shareholders was sufficient for approval.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment this 22nd day of May 2013.

Paresh Patel
As Chairman of the Board and
Chief Executive Officer

Exhibit 3.2

BYLAWS
OF
HCI GROUP, INC.

(As Amended April 16, 2009)

ARTICLE I. OFFICE

The Corporation may have such offices, either within or without the State of Florida, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II. SHAREHOLDERS

SECTION 1. Annual Meeting. The annual meeting of the Shareholders shall be held between January 1st and December 31st each year, on such date and at such hour as may be specified in the Notice of Meeting or in a duly executed Waiver of Notice thereof, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Florida, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Shareholders as soon thereafter as conveniently may be.

SECTION 2. Special Meetings. Special meetings of the Shareholders, for any purpose or purposes, may be called by the Board of Directors, by the holders of not less than one-tenth (1/10) of all the shares of the Corporation entitled to vote at the meeting, by the Chairman of the Corporation's Board of Directors or by the President of the Corporation.

SECTION 3. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Florida, unless otherwise prescribed by statute, as the place of meeting for any annual meeting of Shareholders or for any special meeting of Shareholders called by the Board of Directors. If no designation is made by the Board, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Corporation in the State of Florida. Notwithstanding the first two sentences of this Section, a Waiver of Notice signed by all Shareholders entitled to vote at a meeting, whether an annual or special meeting, may designate any place, either within or without the State of Florida, unless otherwise prescribed by statute, as the place of the holding of such meeting.

SECTION 4. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to each Shareholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or any manner authorized by the Florida Business Corporation Act, by or at the direction of the President, the Secretary, or the person or persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Shareholder at his address as it appears on the records of the Corporation, with the postage thereon prepaid. Notice may be waived in accordance with Article XII.

SECTION 5. Fixing of Record Date The Board of Directors may fix a date, not less than ten (10) nor more than sixty (60) days before the date set for any meeting of the Shareholders, as the record date as of which the Shareholders of record entitled to notice of and to vote at such meeting and any adjournment thereof shall be determined.

SECTION 6. Quorum. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the Shareholders. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted at the original date of the meeting. If, however, after the adjournment, the Board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given in compliance with Section 4 of this article to each Shareholder of record on the new record date entitled to vote at such meeting. After a quorum has been established at a Shareholders' meeting, the subsequent withdrawal of Shareholders, so as to reduce the number of shares entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

SECTION 7. Proxies. Every Shareholder entitled to vote at a meeting of Shareholders or to express consent or dissent without a meeting, or his duly authorized attorney-in-fact, may authorize another person or persons to act for him by proxy. The proxy must be executed in writing by the Shareholder or his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of such meeting or at the time of expressing such consent or dissent without a meeting. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless provided otherwise in the proxy.

SECTION 8. Voting of Shares. Each outstanding share of stock having voting rights shall be entitled to one (1) vote upon each matter submitted to a vote at a meeting of the Shareholders. If a quorum exists, action on a matter (other than the election of Directors) is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Corporation's Articles of Incorporation or Florida Statutes require a greater number.

SECTION 9. Voting of Shares by Certain Holders Shares of stock standing in the name of another corporation may be voted by the Officer, agent or proxy designated by the Bylaws of the corporate Shareholder or, in the absence of any applicable bylaw, by such person as the board of Directors of the corporate Shareholder may designate. Proof of such designation may be made by presentation of a certified copy of the bylaws or other instrument of the corporate Shareholder. In the absence of any such designation or, in case of conflicting designation by the corporate Shareholder, the chairman of the board, the president, any vice president, the secretary, and the treasurer or chief financial officer, as the case may be, of the corporate Shareholder shall be presumed to possess, in that order, authority to vote such shares.

Shares of stock held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name.

Shares of stock standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares of stock standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name, if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A Shareholder whose shares of stock are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee or his nominee shall be entitled to vote the shares so transferred.

Treasury shares, shares of its own stock owned by another corporation the majority of the voting stock of which is owned or controlled by it, and shares of its own stock held by a corporation in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

SECTION 10. Action Without a Meeting. Any action required by law to be taken at any meeting of Shareholders of the Corporation or any action which may be taken at a meeting of Shareholders, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote were present and voted. If any class of shares is entitled to vote as a class, such written consent shall be required of the holders of the majority of the shares of each class of shares entitled to vote as a class thereon and of the total shares entitled to vote.

Within ten days after obtaining such authorization by written consent, notice must be given to those Shareholders who have not consented in writing. The notice shall fairly summarize the material features of the authorized action and, if the action be a merger, consolidation, or sale or exchange of assets for which the dissenters rights are provided under the law, the notice shall contain a clear statement of the right of Shareholders dissenting therefrom to be paid the fair value of their shares upon compliance with further provisions of the law regarding the rights of dissenting Shareholders.

In the event that the action to which the Shareholder's consent is such as would have required the filing of a certificate under any other section of the law if such action had been voted on by Shareholders in a meeting thereof, the certificate filed under such other section shall state that written consent has been given in accordance with the provisions of Section 607.0704 of the Florida Statutes.

SECTION 11. Procedures for Submitting Business to Shareholders. No business will be conducted at a meeting of the shareholders except as permitted by this Section 11.

A proposal of business (including the nomination of a Director) may be considered and voted upon by shareholders at a meeting when (i) the proposal is set forth in the Company's notice of meeting or proxy statement by or at the direction of the Board of Directors; or (ii) the proposal is otherwise presented by or at the direction of the Board of Directors as permitted by law.

A proposal of business (other than the nomination of a Director) may be considered and voted upon by shareholders at a meeting when the proposal is submitted by a shareholder of the Company in compliance with Securities and Exchange Commission Rule 14a-8 and is set forth in the Company's notice of meeting or proxy statement.

A proposal of business (including the nomination of a Director) may be considered and voted upon by shareholders at a meeting when the proposal or nomination is submitted by a shareholder outside the process of Securities and Exchange Commission Rule 14a-8; provided the shareholder has delivered written notice of the proposal to the Company (i) in the case of an annual meeting at least 45 days before the one year anniversary of the date the Company first sent its proxy materials to shareholders for the prior year's annual meeting (unless the current annual meeting of shareholders is more than 30 days earlier or later than the anniversary date of the previous year's annual meeting in which case the notice must be delivered at least 45 days before the Company sends its proxy materials to shareholders for the current year meeting) and (ii) in the case of a special meeting no more than 10 days after the Company sends its proxy materials to shareholders for the special meeting.

In the case of a shareholder proposal outside the process of Securities and Exchange Commission Rule 14a-8 the proposing shareholder must be a shareholder of record at the time the shareholder gives notice of such proposal as provided for in this Section and be entitled to vote on the proposal at the meeting. Written notice of any shareholder proposals outside the process of Securities and Exchange Commission Rule 14a-8 must be mailed and received by, or delivered to, the Secretary of the Company at the principal executive offices of the Company. In addition the notice must set forth (i) the name and address of the shareholder, (ii) the number of shares of stock of the Company held of record and beneficially by such shareholder, (iii) a representation that the shareholder intends to appear at the meeting in person or by proxy to submit the business specified in such notice, (iv) a brief description of the business desired to be submitted to the meeting of shareholders, including the complete text of any resolutions and any amendment to any Company document intended to be presented at the meeting of shareholders, (v) any personal or other direct or indirect material interest of the shareholder in the business to be submitted, (vi) all other information relating to the proposed business which may be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission and (vii) if the shareholder intends to make a nomination, (a) information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission and (b) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder. Notice of intention to make a Director nomination must be accompanied by the written consent of each nominee to serve as Director of the Company if elected.

The shareholder who submits a proposal for consideration by the shareholders must attend the meeting or send a valid proxy to the meeting to present the proposal.

The Company may exclude any shareholder proposal that is not a proper subject for shareholder action. Improper subjects for shareholder action include, without limitation, proposals that (i) would be invalid under state law; (ii) if implemented, would cause the company to violate any state, federal, or foreign law to which it is subject; (iii) violate Security and Exchange Commission proxy rules; (iv) relate to the redress of a personal claim or grievance against the Company or any other person; (v) are designed to result in a benefit to the proposing shareholder, or to further a personal interest, which is not shared by the other shareholders at large; (vi) relate to operations which account for less than 5 percent of the Company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross revenues for its most recent fiscal year, and is not otherwise significantly related to the Company's business; (vii) the Company would lack the power or authority to implement; (viii) deal with a matter relating to the Company's ordinary business operations; (ix) directly conflict with one of the Company's own proposals to be submitted to shareholders at the same meeting; (x) the Company has already substantially implemented; (xi) substantially duplicate another proposal previously submitted to the Company by another proponent that will be included in the Company's proxy materials for the same meeting; (xii) deal with substantially the same subject matter as another proposal or proposals that were included in the Company's proxy materials within the preceding 5 calendar years; and (xiv) relate to specific amounts of cash or stock dividends.

The officer presiding at the meeting of shareholders shall determine all matters relating to the efficient conduct of the meeting, including, but not limited to, the items of business. The presiding officer shall, if the facts warrant, determine and declare that any proposed business was not properly brought before the meeting in accordance with the procedures prescribed by this Section, in which case such business shall not be considered or voted upon.

ARTICLE III. BOARD OF DIRECTORS

SECTION 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors.

SECTION 2. Number, Tenure and Election. The number of Directors of the Corporation shall be established by resolution of the Board of Directors from time to time, and may be increased or decreased from time to time by a vote of the majority of the Board of Directors, provided the Corporation shall never have less than one (1) Director nor more than fifteen (15) Directors. The Board of Directors shall be classified by or pursuant to the Articles of Incorporation or by the Bylaws of the Corporation. The Directors shall be classified, with respect to the time for which they severally hold office, into three classes, Class A, Class B and Class C, each of which shall be as nearly equal number as possible, and shall be adjusted from time to time in the manner specified in the Bylaws to maintain such proportionality. Each initial Director in Class A shall hold office for a term expiring at the 2009 annual meeting of the

shareholders; each Director in Class B shall hold office for a term expiring at the 2010 annual meeting of the shareholders; and each Director in Class C shall hold office for a term expiring at the 2011 annual meeting of the shareholders. Notwithstanding the foregoing provisions of this Article III, Section 2, each Director shall serve until such Director's successor is duly elected and qualified or until such Director's earlier death, resignation or removal. At each annual meeting of the shareholders, successors to the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of the shareholders held in the third year following the year of election and until their successors shall have been duly elected and qualified or until such Director's earlier death, resignation or removal. Resignation of Directors shall be in accordance with Article V herein below. Shareholders entitled to vote at an election of Directors will have the right to vote the number of shares owned by them for as many persons as there are Directors to be elected and for whose election the shareholder has a right to vote. Recipients of the highest vote totals will be elected as Directors. Shareholders do not have a right to cumulate their votes for Directors unless the Articles of Incorporation so provide

SECTION 3. Removal. Any Director may be removed with or without cause by vote of the holders of a majority of the shares entitled to vote at an election of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of a Director shall not of itself create contract rights.

SECTION 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw, except as provided in Article XIV of these Bylaws, immediately after and at the same place as the annual meeting of Shareholders. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 5. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, by the President or by the lesser of a majority or two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by him/them.

SECTION 6. Notice. Notice of any special meeting shall be given at least five (5) days before the meeting by written notice delivered in any manner not prohibited by the Florida Business Corporation Act, unless in case of emergency, the Chairman of the Board or the President shall prescribe a shorter notice to be given. If a notice of meeting is mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting, before or after the meeting in accordance with Article XII. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a Director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

SECTION 7. Quorum. A majority of the number of Directors fixed pursuant to Section 2 of this Article shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A majority of the Directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any

such adjourned meeting shall be given to the Directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other Directors.

SECTION 8. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 9. Vacancies. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of Directors, may be filled by an affirmative vote of the majority of the Directors then in office, even if less than a quorum or by the affirmative vote of the Shareholders. A Director elected to fill a vacancy shall hold office only until the next election of Directors by the Shareholders, or until his earlier resignation, removal from office or death.

SECTION 10. Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 11. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

SECTION 12. Constructive Presence at a Meeting. A member of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other at the same time. Participating by such means shall constitute presence in person at a meeting.

SECTION 13. Action without a Meeting. Any action required by law to be taken at any meeting of the Directors of the Corporation or any action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing, setting forth the action so to be taken, signed by all of the Directors, is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

ARTICLE IV. OFFICERS

SECTION 1. Number. The Officers of the Corporation shall be the President and Chief Executive Officer, a Secretary, and a Chief Financial Officer, each of whom shall be elected by the Board of Directors. Any number of Vice Presidents and such other Officers and assistant Officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors. Any two (2) or more offices may be held by the same person.

SECTION 2. Election and Term of Office The Officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the Shareholders. If the election of Officers shall not be held

at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified or until his earlier resignation, removal from office or death. Resignation of Officers shall be in accordance with Article V.

SECTION 3. Removal. Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy, however occurring, in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President and Chief Executive Officer. The President and Chief Executive Officer (the "President") shall be the principal executive Officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business affairs of the Corporation. He shall, when present, preside at all meetings of the Shareholders and of the Board of Directors, unless the Board of Directors has elected a Chairman of the Board and the Chairman of the Board is present at such meeting. The President may sign deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6. Vice-President(s). If a Vice-President(s) is elected or appointed, in the absence of the President or in the event of his death, inability or refusal to act, the Vice-President(s), in the order of their election if more than one, shall have the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or the Board of Directors.

SECTION 7. Secretary. The Secretary shall: (a) keep the minutes of all the meetings of the Shareholders and the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (d) keep a register of the post office address of each Shareholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 8. Chief Financial Officer. If a Chief Financial Officer is elected or appointed, the Chief Financial Officer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name

of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws; and (b) in general perform all of the duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Chief Financial Officer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

SECTION 9. Salaries. The salaries of the Officers shall be fixed from time to time by the Board of Directors and no Officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

ARTICLE V. RESIGNATIONS

Any Director or Officer of the Corporation may resign at any time by giving written notice to the Board of Directors, and if there are no Directors then to all of the Shareholders. Any such resignation shall take effect at the time specified therein, or, if the time be not specified therein, upon its acceptance by the party or parties to whom notice is given hereunder.

ARTICLE VI. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, unless otherwise restricted by law. Such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the President and by the Secretary or by such other Officers authorized by law and by the Board of Directors so to do. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered in the corporate records. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number

of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

SECTION 2. Transfer of Shares. Transfer of shares of the Corporation shall be made in the records of the Corporation only when the holder of record thereof or his legal representative, or his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, shall furnish proper evidence of authority to transfer, and when there is surrendered for cancellation the certificate for such shares, properly endorsed. The person in whose name shares stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the Corporation shall be as determined by the Board of Directors of the Corporation.

ARTICLE IX. DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE X. INDEMNIFICATION

The Corporation shall indemnify any Director or Officer or any former Director or Officer, to the full extent permitted by law.

ARTICLE XI. SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the words, “Corporate Seal”.

ARTICLE XII. WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any Shareholder or Director of the Corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation, a waiver thereof in writing, or written consent as to the action to be taken for which the notice was given, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a vote of a majority of the Shareholders, at any annual Shareholders' meeting or at any special Shareholders' meeting, provided notice of the proposed change is given in the notice of such meeting. If there is a proposed change to be taken up at a meeting of the Shareholders, notice of such meeting must be given under the terms of Article II, Section 4 of these Bylaws. In addition, these Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a vote of a majority of the Board of Directors.

07082

COMMON STOCK

NUMBER

HC

COMMON STOCK

SHARES

HCI Group, Inc.

INCORPORATED UNDER THE LAWS OF THE STATE OF FLORIDA

CUSIP 40416E 10 3

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

SPECIMEN

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK, NO PAR VALUE PER SHARE, OF

HCI Group, Inc.

transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile signatures of the Corporation's duly authorized officers.

Dated:

PARESH PATEL
PRESIDENT

ANDREW L. GRAHAM
SECRETARY

COUNTERSIGNED AND REGISTERED:
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
(Brooklyn, NY)
TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED SIGNATURE

AMERICAN BANK NOTE COMPANY.

The Corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	– as tenants in common
TEN ENT	– as tenants by the entireties
JT TEN	– as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT–.....Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors
Act.....
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS (INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____ Shares of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

07082

PREFERRED STOCK
NUMBER
HCP

HCI Group, Inc.

INCORPORATED UNDER THE LAWS OF THE STATE OF FLORIDA

PREFERRED STOCK
SHARES

CUSIP 40416E 20 2
SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

SPECIMEN

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE 7.0% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK, NO PAR VALUE PER SHARE, OF

HCI Group, Inc.

transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile signatures of the Corporation's duly authorized officers.

Dated:

PARESH PATEL
PRESIDENT

ANDREW L. GRAHAM
SECRETARY

COUNTERSIGNED AND REGISTERED
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
(Brooklyn, NY)
TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED SIGNATURE

AMERICAN BANK NOTE COMPANY

The Corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	– as tenants in common
TEN ENT	– as tenants by the entireties
JT TEN	– as joint tenants with right of survivorship and not as tenants in common

UNIF GIT MIN ACT–.....Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors
Act.....
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

_____ Shares

of the preferred stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____

_____

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

RICK SCOTT
GOVERNOR
AS CHAIRMAN

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

REIMBURSEMENT CONTRACT

Effective: June 1, 2013
(Contract)

between

HOMEOWNERS CHOICE PROPERTY AND CASUALTY INSURANCE COMPANY
(Company)

NAIC # 12944

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

PREAMBLE

The Legislature of the State of Florida has enacted Section 215.555, Florida Statutes "Statute", which directs the SBA to administer the FHCF. This Contract, consisting of the principal document entitled Reimbursement Contract, addressing the mandatory FHCF coverage, and Addenda, is subject to the Statute and to any administrative rule adopted pursuant thereto, and is not intended to be in conflict therewith. All provisions in the principal document are equally applicable to each Addendum unless specifically superseded by one of the Addenda.

In consideration of the promises set forth in this Contract, the parties agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

As a condition precedent to the SBA's obligations under this Contract, the Company, an Authorized Insurer or an entity writing Covered Policies under Section 627.351, Florida Statutes, in the State of Florida, shall report to the SBA in a specified format the business it writes which is described in this Contract as Covered Policies.

The terms of this Contract shall determine the rights and obligations of the parties. This Contract provides reimbursement to the Company under certain circumstances, as described herein, and does not provide or extend insurance or reinsurance coverage to any person, firm, corporation or other entity. The SBA shall reimburse the Company for its Ultimate Net Loss on Covered Policies, which were in force and in effect at the time of the Covered Event causing the loss, in excess of the Company's Retention as a result of each Loss Occurrence commencing during the Contract Year, to the extent funds are available, all as hereinafter defined.

ARTICLE II - PARTIES TO THE CONTRACT

This Contract is solely between the Company and the SBA which administers the FHCF. In no instance shall any insured of the Company or any claimant against an insured of the Company, or any other third party, have any rights under this Contract, except as provided in Article XIV. The SBA will only disburse funds to the Company, except as provided for in Article XIV of this Contract. The Company shall not, without the prior approval of the Office of Insurance Regulation, sell, assign, or transfer to any third party, in return for a fee or other consideration any sums the FHCF pays under this Contract or the right to receive such sums.

ARTICLE III - TERM

This Contract shall apply to Loss Occurrences which commence during the period from 12:00:01 a.m., Eastern Time, June 1, 2013, to 12:00 midnight, Eastern Time, May 31, 2014 (Contract Year).

The Company must designate a coverage level, make the required selections, and return this fully executed Contract (two originals) to the FHCF Administrator so that the Contract is received by the FHCF Administrator no later than 5 p.m., Central Time, March 1, 2013. Failure to do so may result in a referral to the Office of Insurance Regulation within the Department of Financial Services for administrative action. Furthermore, the Company's coverage level under this Contract will be deemed as follows:

(1) For Companies that are a member of a National Association of Insurance Commissioners (NAIC) group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed. If executed Contracts for none of the members of an NAIC group have been received by the FHCF Administrator, the coverage level from the prior Contract Year shall be deemed.

(2) For Companies that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the coverage level from the prior Contract Year shall be deemed.

(3) For New Participants, as that term is defined in Article V(21), that are a member of an NAIC group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed.

(4) For New Participants that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the 45%, 75% or 90% coverage levels may be selected providing that the FHCF Administrator receives executed Contracts within 30 calendar days of the effective date of the first Covered Policy, otherwise, the 45% coverage level shall be deemed.

Pursuant to the terms of this Contract, the SBA shall not be liable for Loss Occurrences which commence after the effective time and date of expiration or termination. Should this Contract expire or terminate while a Loss Occurrence covered hereunder is in progress, the SBA shall be responsible for such Loss Occurrence in progress in the same manner and to the same extent it would have been responsible had the Contract expired the day following the conclusion of the Loss Occurrence in progress.

ARTICLE IV - LIABILITY OF THE FHCF

(1) The SBA shall reimburse the Company, with respect to each Loss Occurrence commencing during the Contract Year for the "Reimbursement Percentage" elected, this percentage times the amount of Ultimate Net Loss paid by the Company in excess of the Company's Retention, as adjusted pursuant to Article V(28), plus 5% of the reimbursed losses for Loss Adjustment Expense Reimbursement.

(2) The Reimbursement Percentage will be 45% or 75% or 90%, at the Company's option as elected under Article XVIII.

(6) **Borrowing Capacity**

This term means the amount of funds which are able to be raised by the issuance of revenue bonds or through other financing mechanisms, less bond issuance expenses and reserves.

(7) **Citizens Property Insurance Corporation (Citizens)**

This term means the entity formed under Section 627.351(6), Florida Statutes, and refers to both Citizens Property Insurance Corporation Coastal Account and Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.

(8) **Contract**

This term means this Reimbursement Contract for the current Contract Year.

(9) **Covered Event**

This term means any one storm declared to be a hurricane by the National Hurricane Center which causes insured losses in Florida. A Covered Event begins when a hurricane causes damage in Florida while it is a hurricane and continues throughout any subsequent downgrades in storm status by the National Hurricane Center regardless of whether the hurricane makes landfall. Any storm, including a tropical storm, which does not become a hurricane is not a Covered Event.

(10) **Covered Policy or Covered Policies**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure, as defined in definition (27) herein, or the contents of a Residential Structure, located in the State of Florida.

(b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

1. Fire
2. Allied Lines
3. Farmowners Multiple Peril
4. Homeowners Multiple Peril
5. Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
6. Inland Marine

Note that where particular insurance exposures, e.g., mobile homes, are reported on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

(c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.

(d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.

(e) See Article VI of this Contract for specific exclusions.

(11) **Deductible Buy-Back Policies**

This term means a specific policy that provides coverage to a policyholder for some portion of the policyholder's deductible under a policy issued by another insurer.

(12) **Estimated Claims-Paying Capacity of the FHCF**

This term means the sum of the projected Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the most recent estimate of the Borrowing Capacity of the FHCF, determined pursuant to Section 215.555(4)(c), Florida Statutes.

Reimbursement Premiums have been billed as of December 31 and the amount of bond proceeds has been determined.

(24) **Premium**

This term means the same as Reimbursement Premium.

(25) **Projected Payout Multiple**

The Projected Payout Multiple is used to calculate a Company's projected payout pursuant to Section 215.555(4)(d)2., Florida Statutes. The Projected Payout Multiple is derived by dividing the estimated single season Claims-Paying Capacity of the FHCF by the estimated total aggregate industry Reimbursement Premium for the FHCF for the Contract Year, The Company's Reimbursement Premium as paid to the SBA for the Contract Year is multiplied by the Projected Payout Multiple to estimate the Company's coverage from the FHCF for the Contract Year.

(26) **Reimbursement Premium**

This term means the Premium determined by multiplying each $1,000 of insured value reported by the Company in accordance with Section 215.555(5)(b), Florida Statutes, by the rate as derived from the Premium Formula, as described in Rule 19-8.028, F.A.C.

(27) **Residential Structures**

This term means dwelling units, including the primary structure and appurtenant structures insured under the same policy and any other structures covered under endorsements associated with a policy covering a residential structure. ***Covered Residential Structures do not include*** any structures listed under Article VI herein or structures used solely for non-residential purposes.

(28) **Retention**

The Company's Retention means the amount of hurricane losses under Covered Policies which must be incurred by the Company before it is eligible for reimbursement from the FHCF.

(a) When the Company experiences covered losses from one or two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the Covered Events.

(b) When the Company experiences covered losses from more than two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the two Covered Events causing the largest covered losses for the Company. For each other Covered Event resulting in covered losses, the Company's Retention shall be reduced to one-third of its full Retention and applied to all other Covered Events.

1. All reimbursement of covered losses for each Covered Event shall be based on the Company's full Retention until December 31 of the Contract Year. Adjustments to reflect a reduction to one-third of the full Retention shall be made on or after December 31 of the Contract Year provided the Company reports its losses as specified in this Contract.

2. Adjustments to the Company's Retention shall be based upon its paid and outstanding losses as reported on the Company's Proof of Loss Reports but shall not include incurred but not reported losses. The Company's Proof of Loss Reports shall be used to determine which Covered Events constitute the Company's two largest Covered Events, and the reduction to one-third of the full Retention shall be applied to all other Covered Events for the Contract Year. After this initial determination, any subsequent adjustments shall be made by the SBA only if the quarterly loss reports reveal that loss development patterns have resulted in a change in the order of Covered Events entitled to the reduction to one- third of the full Retention.

(c) The Company's full Retention is established in accordance with the provisions of Section 215.555(2)(e), Florida Statutes, and shall be determined by multiplying the Retention Multiple by the Company's Reimbursement Premium for the Contract Year.

(d) Once the Company's limit of coverage has been exhausted, the Company will not be entitled to further reimbursements.

(8) Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.

(9) Any exposure for homeowner associations if no habitational structures are insured under the policy.

(10) Any exposure for homes and condominium structures or units that are non-owner occupied and rented for six (6) or more rental periods by different parties during the course of a twelve (12) month period.

(11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.

(12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).

(13) Policies covering only Additional Living Expense.

(14) Any exposure for barns or barns with apartments.

(15) Any exposure for builders risk coverage or new Residential Structures still under construction.

(16) Any exposure for recreational vehicles, golf carts, or boats (including boat related equipment) requiring licensing and written on a separate policy or endorsement.

(17) Any liability of the Company for extra contractual obligations or liabilities in excess of original policy limits. This exclusion includes, but is not limited to, amounts paid as bad faith awards, punitive damages awards, or other court-imposed fines, sanctions, or penalties; or other amounts in excess of the coverage limits under the Covered Policy.

(18) Any losses paid in excess of a policy's hurricane limit in force at the time of each Covered Event, including individual coverage limits (i.e., building, appurtenant structures, contents, and additional living expense), or other amounts paid as the result of a voluntary expansion of coverage by the insurer, including, but not limited to, a waiver of an applicable deductible. This exclusion includes overpayments of a specific individual coverage limit even if total payments under the policy are within the aggregate policy limit.

(19) Any losses paid under a policy for Additional Living Expense, written as a time element coverage, in excess of the Additional Living Expense exposure reported for that policy under the Data Call for the applicable Contract Year (unless policy limits have changed effective after June 30 of the Contract Year).

(20) Any losses for which the Company's claims files do not adequately support. Claim file support shall be deemed adequate if in compliance with the Records Retention Requirements outlined on the Form FHCF-L1B (Proof of Loss Report) applicable to the Contract Year.

(21) Amounts paid to reimburse a policyholder for condominium association loss assessments or under similar coverages for contractual liabilities.

(22) Losses in excess of the sum of the Balance of the Fund as of December 31 of the Contract Year and the amount the SBA is able to raise through the issuance of revenue bonds or by the use of other financing mechanisms, up to the limit pursuant to Section 215.555(4)(c), Florida Statutes.

(23) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.

(24) All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

ARTICLE IX - REIMBURSEMENT PREMIUM

(1) The Company shall, in a timely manner, pay the SBA its Reimbursement Premium for the Contract Year. The Reimbursement Premium for the Contract Year shall be calculated in accordance with Section 215.555, Florida Statutes, with any rules promulgated thereunder, and with Article X(2).

(2) The Company's Reimbursement Premium is based on its June 30 exposure in accordance with Article X, except as provided for New Participants under Article X, and is not adjusted to reflect an increase or decrease in exposure for Covered Policies effective after June 30 nor is the Reimbursement Premium adjusted when the Company cancels policies or is liquidated or otherwise changes its business status (merger, acquisition, or termination) or stops writing new business (continues in business with its policies in a runoff mode). Similarly, new business written after June 30 will not increase or decrease the Company's FHCF Reimbursement Premium or impact its FHCF coverage. FHCF Reimbursement Premiums are required of all companies based on their writing Covered Policies in Florida as of June 30, and each company's FHCF coverage as based on the definition in Section 215.555(2)(m), Florida Statutes, shall exist for the entirety of the Contract Year regardless of exposure changes, except as provided for New Participants under Article X.

(3) Since the calculation of the Actuarially Indicated Premium assumes that the Companies will pay their Reimbursement Premiums timely, interest charges will accrue under the following circumstances. A Company may choose to estimate its own Premium installments. However, if the Company's estimation is less than the provisional Premium billed, an interest charge will accrue on the difference between the estimated Premium and the final Premium. If a Company estimates its first installment, the Administrator shall bill that estimated Premium as the second installment as well, which will be considered as an estimate by the Company. No interest will accrue regarding any provisional Premium if paid as billed by the FHCF's Administrator, except in the case of an estimated second installment as set forth in this Article, Also, if a Company makes an estimation that is higher than the provisional Premium billed but is less than the final Premium, interest will not accrue. If the Premium payment is not received from a Company when it is due, an interest charge will accrue on a daily basis until the payment is received. Interest will also accrue on Premiums resulting from submissions or resubmissions finalized after December 1 of the Contract Year. An interest credit will be applied for any Premium which is overpaid as either an estimate or as a provisional Premium. Interest shall not be credited past December 1 of the Contract Year. The applicable interest rate for interest credits will be the average rate earned by the SBA for the FHCF for the first four months of the Contract Year. The applicable interest rate for interest charges will accrue at this rate plus 5%.

ARTICLE X - REPORTS AND REMITTANCES

(1) **Exposures**

(a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall report to the SBA, unless otherwise provided in Rule 19-8.029, F.A.C., no later than the statutorily required date of September 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of June 30 of the Contract Year as outlined in the annual reporting of insured values form, FHCF- D1A (Data Call) adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.

(b) If the Company first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year, the Company shall report to the SBA, no later than February 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of November 30 of the Contract Year as outlined in the Supplemental Instructions for New Participants section of the Data Call adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.

$1,000, then the Company shall pay $1,000. The Premium payment is due no later than April 1 of the Contract Year. The Company's Retention and coverage will be determined based on the total Premium due as calculated above.

(d) A New Participant that first begins writing Covered Policies on or after December 1 through and including May 31 of the Contract Year shall pay the FHCF a Reimbursement Premium of $1,000 upon execution of this Contract.

(e) The requirement that the Reimbursement Premium is due on a certain date means that the Premium shall be in the physical possession of the FHCF no later than 2 p.m., Eastern Time, on the due date applicable to the particular installment. If remitted by check to the FHCF's Post Office Box, the check shall be physically in the Post Office Box 100822, Atlanta, GA 30384- 0822, as set out on the invoice sent to the Company. If remitted by check by hand delivery, the check shall be physically on the premises of the FHCF's bank in College Park, Georgia, as set out on the invoice sent to the Company. If remitted electronically, the wire transfer shall have been completed to the FHCF's account at its bank in Atlanta, Georgia, as set out on the invoice sent to the Company. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the remittance, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Premium checks sent to the SBA in Tallahassee, Florida, or to the FHCF's Administrator in Minneapolis, Minnesota, will be returned to the sender. Reimbursement Premiums not in the physical possession of the FHCF by 2 p.m., Eastern Time, on the applicable due date are late.

(f) Except as required by Section 215.555(7)(c), Florida Statutes, or as described in the following sentence, Reimbursement Premiums, together with earnings thereon, received in a given Contract Year will be used only to pay for losses attributable to Covered Events occurring in that Contract Year or for losses attributable to Covered Events in subsequent Contract Years and will not be used to pay for past losses or for debt service on revenue bonds. Pursuant to Section 215.555(6)(a)1., Florida Statutes, Reimbursement Premiums and earnings thereon may be used for payments relating to revenue bonds in the event emergency assessments are insufficient. If Reimbursement Premiums or earnings thereon are used for debt service on revenue bonds, then the amount of the Reimbursement Premiums or earnings thereon so used shall be returned, without interest, to the Fund when emergency assessments or other legally available funds remain available after making payment relating to the revenue bonds and any other purposes for which emergency assessments were levied.

(3) **Claims and Losses**

(a) **In General**

1. Claims and losses resulting from Loss Occurrences commencing during the Contract Year shall be reported by the Company and reimbursed by the FHCF as provided herein and in accordance with the Statute, this Contract, and any rules adopted pursuant to the Statute. For a Company participating in a quota share primary insurance agreement(s) with Citizens Property Insurance Corporation Coastal Account, Citizens and the Company shall report only their respective portion of losses under the quota share primary insurance agreement(s). Pursuant to Section 215.555(4)(c), Florida Statutes, the SBA is obligated to pay for losses not to exceed the Actual Claims-Paying Capacity of the FHCF, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes, for any one Contract Year.

2. If the Company is in non-compliance with Section 215.555, Florida Statutes for any Contract Year, including deadlines for sending in Contracts, addenda or attachments to Contracts, Data Call submissions or resubmissions, loss reports, or in responding to SBA exam requirements, the SBA reserves the right to withhold any payments or advances until such time the Company becomes compliant.

and no later than December 31 of each year and shall continue until the earlier of the commutation process described in (3)(d) below or until all claims and losses resulting from the Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.

5. The SBA, except as noted below, will determine and pay, within 30 days or as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due based on losses paid by the Company to date and adjustments to this amount based on subsequent quarterly information. The adjustments to reimbursement amounts shall require the SBA to pay, or the Company to return, amounts reflecting the most recent determination of losses.

   a. The SBA shall have the right to consult with all relevant regulatory agencies to seek all relevant information, and shall consider any other factors deemed relevant, prior to the issuance of reimbursements.

   b. The SBA shall require commercial self-insurance funds established under Section 624.462, Florida Statutes, to submit contractor receipts to support paid losses reported on a Proof of Loss Report, and the SBA may hire an independent consultant to confirm losses, prior to the issuance of reimbursements.

   c. The SBA shall have the right to conduct a claims examination prior to the issuance of any advances or reimbursements submitted by Companies that have been placed under regulatory supervision by a State or where control has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator.

6. All Proof of Loss Reports received will be compared with the FHCF's exposure data to establish the facial reasonableness of the reports. The SBA may also review the results of current and prior Contract Year exposure and loss examinations to determine the reasonableness of the reported losses. Except as noted in paragraph 4. above, Companies meeting these tests for reasonableness will be scheduled for reimbursement. Companies not meeting these tests for reasonableness will be handled on a case-by-case basis and will be contacted to provide specific information regarding their individual book of business. The discovery of errors in a Company's reported exposure under the Data Call may require a resubmission of the current Contract Year Data Call which, as the Data Call impacts the Company's Premium, Retention, and coverage for the Contract Year, will be required before the Company's request for reimbursement or an advance will be fully processed by the Administrator.

(c) **Loss Reimbursement Calculations**

1. In general, the Company's paid Ultimate Net Losses must exceed its full FHCF Retention for a specific Covered Event before any reimbursement is payable from the FHCF for that Covered Event. As described in Article V(28)(b), Retention adjustments will be made on or after December 31 of the Contract Year. No interest is payable on additional payments to the Company due to this type of Retention adjustment. Each Company sustaining reimbursable losses will receive the amount of reimbursement due under the Contract up to the amount of the Company's payout. If more than one Covered Event occurs in any one Contract Year, any reimbursements due from the FHCF shall take into account the Company's Retention for each Covered Event. However, the Company's reimbursements from the FHCF for all Covered Events occurring during the Contract Year shall not exceed, in aggregate, the Projected Payout Multiple or Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.

2. In determining reimbursements under this Contract, the SBA shall reimburse each of the Companies, including entities created pursuant to Section 627.351(6), Florida Statutes, for the amount (if any) of reimbursement due under the individual Company's Contract, but not to exceed for all Loss Occurrences, an amount equal to the Projected Payout Multiple or the

SBA of its portion of any amount or amounts so mutually agreed and certified by the Company's certifying actuary shall constitute a complete and final release of the SBA in respect of all claims and losses, both reported and unreported, under this Contract.

b. If agreement on present value cannot be reached within 90 days of the FHCF's receipt of the final Proof of Loss Report(s) and supporting documentation, the Company and the SBA may mutually appoint an actuary, adjuster, or appraiser to investigate and determine such claims or losses. If both parties then agree, the SBA shall pay its portion of the amount so determined to be the present value of such claims or losses.

c. If the parties fail to agree, then any difference shall be settled by a panel of three actuaries, as provided in this paragraph.

i. One actuary shall be chosen by each party, and the third actuary shall be chosen by those two actuaries. If either party does not appoint an actuary within 30 days, the other party may appoint two actuaries. If the two actuaries fail to agree on the selection of an independent third actuary within 30 days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots.

ii. All of the actuaries shall be regularly engaged in the valuation of property claims and losses and shall be members of the Casualty Actuarial Society and of the American Academy of Actuaries.

iii. None of the actuaries shall be under the control of either party to this Contract.

iv. Each party shall submit its case to the panel in writing on the 30th day after the appointment of the third actuary. Following the submission of the case to the panel, the parties are prohibited from providing any further information or other communication except at the request of the panel. Such responses to requests from the panel must be in writing and simultaneously provided to the other party and all members of the panel, except that the panel may require the response to be provided in a meeting or teleconference attended by both parties and all members of the panel.

v. The decision in writing of any two actuaries, when filed with the parties hereto, shall be final and binding on both parties.

d. The reasonable and customary expense of the actuaries and of the commutation (as a result of b. and c. above) shall be equally divided between the two parties. Said commutation shall take place in Tallahassee, Florida, unless some other place is mutually agreed upon by the Company and the SBA.

(4) **Advances**

(a) In accordance with Section 215.555(4)(e), Florida Statutes, the SBA may make advances for loss reimbursements as defined herein, at market interest rates, to the Company in accordance with Section 215.555(4)(e), Florida Statutes. An advance is an early reimbursement which allows the Company to continue to pay claims in a timely manner. Advances will be made based on the Company's paid and reported outstanding losses for Covered Policies (excluding all incurred but not reported [IBNR] losses) as reported on a Proof of Loss Report, and shall include Loss Adjustment Expense Reimbursement as calculated by the FHCF. In order to be eligible for an advance, the Company must submit its exposure data for the Contract Year as required under paragraph (1) of this Article. Except as noted below, advances, if approved, will be made as soon as practicable after the SBA receives a written request, signed by two officers of the Company, for an advance of a specific amount and any other information required for the specific type of advance under subparagraphs (c) and (e) below. All reimbursements due to a Company shall be offset against any amount of outstanding advances plus the interest due thereon.

(b) For advances or excess advances, which are advances that are in excess of the amount to which the Company is entitled, the market interest rate shall be the prime rate as published in the Wall

3. Advances to limited apportionment companies.

   Section 215.555(4)(e)3., Florida Statutes, provides that the SBA may advance the amount of estimated reimbursement payable to limited apportionment companies.

(e) In determining whether or not to grant an advance and the amount of an advance, the SBA:

1. Shall determine whether its assets available for the payment of obligations are sufficient and sufficiently liquid to fulfill its obligations to other Companies prior to granting an advance;
2. Shall review and consider all the information submitted by such Companies;
3. Shall review such Companies' compliance with all requirements of Section 215.555, Florida Statutes;
4. Shall consult with all relevant regulatory agencies to seek all relevant information;
5. Shall review the damage caused by the Covered Event and when that Covered Event occurred;
6. Shall consider whether the Company has substantially exhausted amounts previously advanced;
7. Shall consider any other factors deemed relevant; and
8. Shall require commercial self-insurance funds established under section 624.462, Florida Statutes, to submit a copy of written estimates of expenses in support of the amount of advance requested.

(f) Any amount advanced by the SBA shall be used by the Company only to pay claims of its policyholders for the Covered Event or Covered Events which have precipitated the immediate need to continue to pay additional claims as they become due.

(5) **Delinquent Payments**

Failure to submit a payment when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes. Interest on late payments shall be due as set forth in Article VIII(2) and Article IX(2) of this Contract.

(6) **Inadequate Data Submissions**

If exposure data or other information required to be reported by the Company under the terms of this Contract is not received by the FHCF in the format specified by the FHCF or is inadequate to the extent that the FHCF requires resubmission of data, the Company will be required to pay the FHCF a resubmission fee of $1,000 for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be $2,000. If the Company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be $2,000. A resubmission of exposure data may delay the processing of the Company's request for reimbursement or an advance.

(7) **Delinquent Submissions**

Failure to submit an exposure submission, resubmission, loss report, or commutation documentation when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes.

(8) **Confidential Information/Trade Secret Information**

Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution. If other information submitted by the Company to the FHCF could reasonably be ruled a "trade secret" as defined in Section 812.081, Florida Statutes, such information must be clearly marked "Trade Secret Information."

ARTICLE XI - TAXES

In consideration of the terms under which this Contract is issued, the Company agrees to make no deduction in respect of the Premium herein when making premium tax returns to the appropriate

underwriting manual, a copy of its rating manual, and staff to respond to the questions of the SBA or its agents. The Company is also required to retain declarations pages and policy applications to support reported exposure. To meet the requirement that the application must be retained, the Company may retain either the actual application or may retain the actual application in an electronic format. A complete list of records to be retained is set forth in Form FHCF-EAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C.

(3) **Examination Requirements for Loss Reports**

The Company shall retain complete and accurate records of all reported losses and/or advances submitted to the SBA until the SBA has completed its examination of the Company's reimbursable losses and commutation for the Contract Year (if applicable) has been concluded. The records to be retained are set forth as part of the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C., and Form FHCF-LAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C. The Company must also retain the required exposure exam file for the Contract Year in which the loss occurred, and must have available any other information which would allow for a complete examination of the Company's losses.

(4) **Examination Procedures**

(a) The FHCF will send an examination notice to the Company providing the commencement date of the examination, the site of the examination, any accommodation requirements of the examiner, and the reports and data which must be assembled by the Company and forwarded to the FHCF upon request. The Company shall be prepared to choose one location in which to be examined, unless otherwise specified by the SBA.

(b) The reports and data are required to be forwarded to the FHCF as set forth in an examination notice letter. The information is then forwarded to the examiner. If the FHCF receives accurate and complete records as requested, the examiner will contact the Company to inform the Company as to what policies or other documentation will be required once the examiner is on site. Any records not required to be provided to the examiner in advance shall be made available at the time the examiner arrives on site. Any records to support reported losses which are provided after the examiner has left the work-site will, at the SBA's discretion, result in an additional examination of exposure and/or loss records or an extension or expansion of the examination already in progress. All costs associated with such additional examination or with the extension or expansion of the original examination shall be borne by the Company.

(c) At the conclusion of the examiner's work and the management review of the examiner's report, findings, recommendations, and work papers, the FHCF will forward an examination report to the Company and require a response from the Company by a date certain as to the examination findings and recommendations.

(d) If the Company accepts the examination findings and recommendations, and there is no recommendation for additional information, the examination report will be finalized and the exam file closed.

(e) If the Company disputes the examiner's findings, the areas in dispute will be resolved by a meeting or a conference call between the Company and FHCF management.

(f) 1. If the recommendation of the examiner is to resubmit the Company's exposure data for the Contract Year in question, then the FHCF will send the Company a letter outlining the process for resubmission and including a deadline to resubmit. The resubmission will include a data file to be submitted to the FHCF's Administrator and an exam file to be submitted to the offices of the SBA. The resubmission is also required to be accompanied by a detailed written description of the specific changes made to the resubmitted data. Once the resubmission is received by the FHCF's Administrator, the FHCF's Administrator calculates a revised Reimbursement Premium for the Contract Year which has been examined. The SBA shall then review the resubmission with respect to the examiner's findings, and accept the resubmission or contact the Company with any questions regarding the resubmission. Once

allowing the FHCF to make loss reimbursements (net of any amounts payable to the SBA from the Company or FIGA) to FIGA before the examinations are completed and before the response time expires for claims filing by reinsurers and financial institutions, which have a priority interest in those funds pursuant to Section 215.555(4)(g), Florida Statutes. Such agreements must ensure the availability of the necessary records and adequate security must be provided so that if the FHCF determines that it overpaid FIGA on behalf of the Company, or if claims are filed by reinsurers or financial institutions having a priority interest in these funds, that the funds will be repaid to the FHCF by FIGA within a reasonable time.

ARTICLE XV - TERMINATION

The FHCF and the obligations of both parties under this Contract can be terminated only as may be provided by law or applicable rules.

ARTICLE XVI - VIOLATIONS

Pursuant to the provisions of Section 215.555(10), Florida Statutes, any violation of the terms of this Contract by the Company constitutes a violation of the Insurance Code of the State of Florida. Pursuant to the provisions of Section 215.555(11), Florida Statutes, the SBA is authorized to take any action necessary to enforce any administrative rules adopted pursuant to Section 215.555, Florida Statutes, and the provisions and requirements of this Contract.

ARTICLE XVII - APPLICABLE LAW

This Contract shall be governed by and construed according to the laws of the State of Florida in respect of any matter relating to or arising out of this Contract.

ARTICLE XVIII - REIMBURSEMENT CONTRACT ELECTIONS

(1) **Reimbursement Percentage**

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds have been fully repaid.

IMPORTANT NOTE: The FHCF has issued revenue bonds as a result of its liabilities for Covered Events under the Contract Year effective June 1, 2005. As those bonds have not been fully repaid, the Company may not select a Reimbursement Percentage that is less than its selection under the prior Contract Year effective June 1, 2012.

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, 2012 was as follows: Homeowners Choice Property and Casualty Insurance Company - 90%

(a) **NAIC Group Affirmation**: Initial the following box if the Company is part of an NAIC Group:

N/A

(b) **Reimbursement Percentage Election**: The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, 2013, to 12:00 a.m., Eastern Time, May 31, 2014, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

45% **OR** **75%** **OR** **90%**

(2) **Reporting Exposure for a Single Structure, with a Mix of Commercial Habitational and Commercial Non-Habitational Exposure, Written on a Commercial Policy**

This section is applicable to all Companies which either have exposure for single structures with a mix of commercial habitational and commercial non-habitational exposure written under a Commercial Policy, or have the authority to write such policies. If the Company does not have the authority to write this type of exposure, this section **does not** apply; initial the **N/A** box at the end of this section, which completes this section of ARTICLE XVIII. If the Company **does** write, or has the authority to write, this type of exposure, please read and complete the remainder of this section.

Commercial-Residential Class Code

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial-residential class code (based on a classification plan on file with and reviewed by the Administrator), the entire exposure for the structure should be reported to the FHCF under the Data Call, and the FHCF will reimburse losses for the entire structure as well.

Commercial Non-Residential/Business Class Code

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial non-residential or business class code (based on a classification plan on file with and reviewed by the Administrator), the habitational portion of that structure should be identified and reported to the FHCF under the Data Call.

However, in recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental habitational exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure for the single structure from their Data Call submission, providing the following two conditions are met:

(a) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the Company; and

(b) If the incidental habitational exposure is not reported to the FHCF, the Company agrees it shall not report losses to the structure and the FHCF shall not reimburse any losses to the structure.

Initial the **CARVING** box below if the Company is able to carve out and report its incidental habitational exposure; **OR**, if this requirement presents a hardship, the Company must communicate its decision to not carve out and to not report the incidental exposure by having the individual executing this Contract on behalf of the Company placing his or her initials in the **NOT CARVING** box below. If the Company does not currently write such policies, but has the authority to write such policies after the start date of this Contract, the decision to carve or not carve out the incidental habitational exposure must be indicated below.

	OR		**OR**	
CARVING		**NOT CARVING**		**NOT APPLICABLE**

By initialing the **CARVING or NOT CARVING** box above, the Company is making an irrevocable decision for the corresponding Contract Year Data Call submission and any subsequent resubmissions.

Important Note: Since this election will impact your Data Call submission, please share this decision with the individual(s) responsible for compiling your Data Call submission.

(3) **Additional Living Expense (ALE) Written as Time Element Coverage**

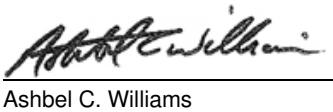
If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e., coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes - Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No - Time Element ALE' box below.

	OR	
Yes - Time Element ALE		**No - Time Element ALE**

ARTICLE XIX - SIGNATURES

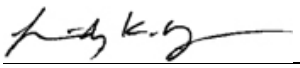
Approved by:

Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By:  5/15/13

Ashbel C. Williams — Date
Executive Director & CIO

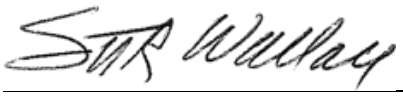
Approved as to legality:

By:  5/15/13

MINDY K. RAYMAKER — Date
ASSISTANT GENERAL COUNSEL

Homeowners Choice Property and Casualty Insurance Company

Scott Wallace / President, Property & Casualty
Typed/Printed Name and Title

By:  2/20/2013

Signature — Date

HCI GROUP, INC.
2012 OMNIBUS INCENTIVE PLAN

1. Purpose and Effective Date.

(a) *Purpose*. The HCI Group, Inc. 2012 Omnibus Incentive Plan has two complementary purposes: (i) to attract and retain outstanding individuals to serve as officers, employees, directors and service providers; and (ii) to increase shareholder value. This Plan will provide participants incentives to increase shareholder value by offering the opportunity to acquire shares of the Company's common stock, or receive monetary payments, on the potentially favorable terms that this Plan provides. In addition, the Plan is intended to advance the Company's growth and success and to advance its interests by attracting and retaining well-qualified Non-Employee Directors upon whose judgment the Company is largely dependent for the successful conduct of its operations and by providing such individuals with incentives to put forth maximum efforts for the long-term success of the Company's business.

(b) *Effective Date*. This Plan will become effective, and Awards may be granted under this Plan, on and after the date that the Plan is approved by the Company's shareholders (the "Effective Date").

(c) *Prior Plan*. If the Company's shareholders approve this Plan, then the HCI Group, Inc. 2007 Stock Option and Incentive Plan (the "Prior Plan") will terminate on the Effective Date, and no new awards will be granted under the Prior Plan after its termination date; provided that the Prior Plan will continue to govern awards outstanding as of the date of the Prior Plan's termination and such awards shall continue in force and effect until fully distributed or terminated pursuant to their terms.

2. Definitions. Capitalized terms used in this Plan have the meanings given below. Additional defined terms are set forth in other sections of this Plan.

(a) "10% Shareholder" means an Eligible Employee who, as of the date an ISO is granted to such individual, owns more than ten percent (10%) of the total combined voting power of all classes of Stock then issued by the Company or a Subsidiary corporation.

(b) "Administrator" means (i) the Committee with respect to Participants other than Directors and (ii) the Non-Employee Directors of the Board (or a committee of Non-Employee Directors appointed by the Board) with respect to Participants who are Directors. In addition, subject to any limitations imposed by law and any restrictions imposed by the Committee, the Chief Executive Officer of the Company may act as the Administrator with respect to Awards made (or to be made) to employees who are not Section 16 Participants or subject to Code Section 162(m) at the time such authority or responsibility is exercised.

(c) "Affiliate" means any entity that, directly or through one or more intermediaries, is controlled by, controls, or is under common control with the Company within the meaning of Code Sections 414(b) or (c), provided that, in applying such provisions, the phrase "at least 50 percent" shall be used in place of "at least 80 percent" each place it appears therein.

(d) “Award” means a grant of Options, Stock Appreciation Rights, Performance Shares, Performance Units, Restricted Stock, Restricted Stock Units, Deferred Stock Rights, Dividend Equivalent Units, an Annual Incentive Award, a Long-Term Incentive Award, or any other type of award permitted under the Plan.

(e) “Beneficial Ownership” (or derivatives thereof) shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

(f) “Board” means the Board of Directors of the Company.

(g) “Cause” shall mean conduct involving one or more of the following: (i) the substantial and continuing failure of the Participant, after notice thereof, to render services to the Company in accordance with the terms or requirements of his or her employment; (ii) disloyalty, gross negligence, willful misconduct, dishonesty, fraud or breach of fiduciary duty to the Company; (iii) deliberate disregard of the rules or policies of the Company, or breach of an employment or other agreement with the Company, which results in directs in direct or indirect loss, damage or injury to the Company; (iv) the unauthorized disclosure of any trade secret or confidential information of the Company; (v) the Participant’s conviction for a felony, as evidenced by a binding and final judgment, order or decree of a court of competent jurisdiction; or (vi) the commission of an act which constitutes unfair competition with the Company or which induces any customer or supplier to breach a contract with the Company; or (vi) any conduct constituting “cause” as such term may be defined in the Participant’s employment or service agreement with the Company.

(h) “Change of Control” means the first to occur of any one of the following events:

(i) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (A) the then-outstanding Shares (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company (as defined below) or (4) any acquisition by any corporation pursuant to a transaction that complies with Sections 2(h)(iii)(A) — 2(h)(iii)(C);

(ii) Any time at which individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company, or an Affiliated Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, for purposes of an Award that provides for the payment of deferred compensation that is subject to Code Section 409A, the definition of Change of Control herein shall be deemed amended to conform to the requirements of Code Section 409A to the extent necessary for the Award to comply with Code Section 409A.

(i) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision and the regulations promulgated under such provision.

(j) "Commission" means the United States Securities and Exchange Commission or any successor agency.

(k) “Committee” means the Compensation Committee of the Board (or a successor committee with the same or similar authority), or such other committee of the Board designated by the Board to administer the Plan and composed of no fewer than two directors, each of whom is a “non-employee director” within the meaning of Rule 16b-3 and an “outside director” within the meaning of Code Section 162(m)(4)(C); provided that if no such committee shall be in existence at any time, the functions of the Committee shall be carried out by the Board.

(l) “Company” means HCI Group, Inc., a Florida corporation, or any successor thereto.

(m) “Deferred Stock Right” means the right to receive Stock or Restricted Stock at some future time.

(n) “Director” means a member of the Board, and “Non-Employee Director” means a Director who is not also an officer or an employee of the Company or an Affiliate.

(o) “Disability” means, except as otherwise determined by the Administrator and set forth in an Award agreement: (i) with respect to an ISO, the meaning given in Code Section 22(e)(3), and (ii) with respect to all other Awards, the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months, as determined by the Administrator. The Administrator shall make the determination of Disability and may request such evidence of disability as it reasonably determines.

(p) “Eligible Employee” means any officer or other employee of the Company or of any Affiliate, or any individual that the Company or an Affiliate has engaged to become an officer or employee.

(q) “Exchange Act” means the Securities Exchange Act of 1934, as amended. Any reference to a specific provision of the Exchange Act includes any successor provision and the regulations and rules promulgated under such provision.

(r) “Excluded Items” means any gains or losses from the sale of assets outside the ordinary course of business; any gains or losses from discontinued operations; any extraordinary gains or losses; the effects of accounting changes; any unusual, nonrecurring, transition, one-time or similar items or charges; the diluted impact of goodwill on acquisitions; and any other items specified by the Administrator; provided that, for Awards intended to qualify as performance-based compensation under Code Section 162(m), the Administrator shall specify the Excluded Items in writing at the time the Award is made unless, after application of the Excluded Items, the amount payable under the Award is reduced.

(s) “Fair Market Value” means, per Share on a particular date: (i) the closing price on such date on NASDAQ Global Select Market or, if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale on such market; (ii) if the Shares are not listed on NASDAQ Global Select Market, but are traded on another national securities exchange or on an over-the-counter market, the last sales price (or, if there is no last sales price reported, the average of the last bid and asked prices) for the Shares on the particular date, or on the last preceding date on which there was a sale of Shares on that exchange or market; or (iii) if the Shares are neither listed on a national securities exchange nor traded in an over-the-counter

market, the price determined by the Administrator. The Administrator also shall establish the Fair Market Value of any other property. If an actual sale of a Share occurs on the market, then the Company may consider the sale price to be the Fair Market Value of such Share.

(t) “Incentive Award” means the right to receive a cash payment to the extent Performance Goals are achieved, and shall include “Annual Incentive Awards” as described in Section 10 and “Long-Term Incentive Awards” as described in Section 11.

(u) “Incentive Stock Option” or “ISO” mean an Option that meets the requirements of Code Section 422.

(v) “Inimical Conduct” means any act or omission that is inimical to the best interests of the Company or any Affiliate, as determined by the Administrator, including but not limited to: (i) violation of any employment, noncompete, confidentiality or other agreement in effect with the Company or any Affiliate, (ii) taking any steps or doing anything which would damage or negatively reflect on the reputation of the Company or an Affiliate, or (iii) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition.

(w) “Option” means the right to purchase Shares at a stated price for a specified period of time.

(x) “Participant” means an individual selected by the Administrator to receive an Award.

(y) “Performance Awards” means a Performance Share and Performance Unit, and any Award of Restricted Stock, Restricted Stock Units or Deferred Stock Rights the payment or vesting of which is contingent on the attainment of one or more Performance Goals.

(z) “Performance Goals” means the following categories (in all cases after taking into account any Excluded Items, as applicable), including in each case any measure based on such category:

(i) Basic earnings per common share for the Company on a consolidated basis.

(ii) Diluted earnings per common share for the Company on a consolidated basis.

(iii) Total shareholder return.

(iv) Fair Market Value of Shares.

(v) Net sales.

(vi) Cost of sales.

(vii) Gross profit.

(viii) Selling, general and administrative expenses.

(ix) Operating income.

(x) Earnings before interest and the provision for income taxes (EBIT).

(xi) Earnings before interest, the provision for income taxes, depreciation, and amortization (EBITDA).

(xii) Net income.

(xiii) Accounts receivable.

(xiv) Inventories.

(xv) Trade working capital.

(xvi) Return on equity.

(xvii) Return on assets.

(xviii) Return on invested capital.

(xix) Return on sales.

(xx) Non-catastrophic claims incurred.

(xxi) Reinsurance costs.

(xxii) Gross premiums earned.

(xxiii) Economic value added, or other measure of profitability that considers the cost of capital employed.

(xxiv) Free cash flow.

(xxv) Net cash provided by operating activities.

(xxvi) Net increase (decrease) in cash and cash equivalents.

(xxvii) Customer satisfaction.

(xxviii) Market share.

(xxix) Quality.

The Performance Measures described in items (v) through (xxix) may be measured (A) for the Company on a consolidated basis, (B) for any one or more Affiliates or divisions of the Company and/or (C) for any other business unit or units of the Company or an Affiliate as defined by the Administrator at the time of selection.

In addition, the Administrator may designate other categories, including categories involving individual performance and subjective targets, not listed above (A) with respect to Awards that are not intended to qualify as performance-based compensation within the meaning of Code Section 162(m) or (B) to the extent that the application of such categories results in a reduction of the maximum amount otherwise payable under the Award.

Where applicable, the Performance Goals may be expressed, without limitation, in terms of attaining a specified level of the particular criterion or the attainment of an increase or decrease (expressed as absolute numbers, averages and/or percentages) in the particular criterion or achievement in relation to a peer group or other index. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be paid (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur).

(aa) “Performance Shares” means the right to receive Shares (including Restricted Stock) to the extent Performance Goals are achieved.

(bb) “Performance Unit” means the right to receive a payment valued in relation to a unit that has a designated dollar value or the value of which is equal to the Fair Market Value of one or more Shares, to the extent Performance Goals are achieved.

(cc) “Person” has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof.

(dd) “Plan” means this HCI Group, Inc. 2012 Omnibus Incentive Plan, as may be amended from time to time.

(ee) “Restriction Period” means the length of time established relative to an Award during which the Participant cannot sell, assign, transfer, pledge or otherwise encumber the Stock or Stock Units subject to such Award and at the end of which the Participant obtains an unrestricted right to such Stock or Stock Units.

(ff) “Restricted Stock” means a Share that is subject to a risk of forfeiture or a Restriction Period, or both a risk of forfeiture and a Restriction Period.

(gg) “Restricted Stock Unit” means the right to receive a payment equal to the Fair Market Value of one Share that is subject to a risk of forfeiture or restrictions on transfer, or both a risk of forfeiture and restrictions on transfer.

(hh) “Retirement” means, except as otherwise determined by the Administrator and set forth in an Award agreement, termination of employment from the Company and its Affiliates (for other than Cause) on a date the Participant is then eligible to receive immediate early or normal retirement benefits under the provisions of any of the Company’s or its Affiliate’s defined benefit pension plans, or if the Participant is not covered under any such plan, on or after attainment of age fifty-five (55) and completion of ten (10) years of continuous service with the Company and its Affiliates or on or after attainment of age sixty-five (65) and completion of five (5) years of continuous service with the Company and its Affiliates.

(ii) “Rule 16b-3” means Rule 16b-3 promulgated by the Commission under the Exchange Act, or any successor rule or regulation thereto.

(jj) “Section 16 Participants” means Participants who are subject to the provisions of Section 16 of the Exchange Act.

(kk) “Share” means a share of Stock.

(ll) “Stock” means the Common Stock of the Company, par value of $0 per share.

(mm) “Stock Appreciation Right” or “SAR” means the right to receive a payment equal to the appreciation of the Fair Market Value of a Share during a specified period of time.

(nn) “Stock Unit” means a right to receive a payment equal to the Fair Market Value of one Share.

(oo) “Subsidiary” means any corporation, limited liability company or other limited liability entity in an unbroken chain of entities beginning with the Company if each of the entities (other than the last entity in the chain) owns the stock or equity interest possessing more than fifty percent (50%) of the total combined voting power of all classes of stock or other equity interests in one of the other entities in the chain.

3. Administration.

(a) *Administration*. The Administrator shall administer this Plan. In addition to the authority specifically granted to the Administrator in this Plan, the Administrator has full discretionary authority to administer this Plan and all Awards, including but not limited to the authority to: (i) interpret the provisions of this Plan and any Award agreement; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; (iii) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Award or agreement covering an Award in the manner and to the extent it deems desirable to carry this Plan or such Award into effect; and (iv) make all other determinations necessary or advisable for the administration of this Plan. All Administrator determinations shall be made in the sole discretion of the Administrator and are final and binding on all interested parties.

Notwithstanding the above statement or any other provision of the Plan, the Committee shall have no discretion to increase the amount, once established, of compensation payable under an Award that is intended to be performance-based compensation under Code Section 162(m), although the Committee may decrease the amount of compensation a Participant may earn under such an Award.

(b) *Delegation to Other Committees or Officers*. To the extent applicable law permits, the Board may delegate to another committee of the Board or to one or more officers of the Company, or the Committee may delegate to one or more officers of the Company, any or all of their respective authority and responsibility as an Administrator of the Plan; provided that no

such delegation is permitted with respect to Stock-based Awards made to Section 16 Participants or Awards made to Participants subject to Code Section 162(m) at the time any such delegated authority or responsibility is exercised unless the delegation is to another committee of the Board consisting entirely of directors who are “non-employee directors” within the meaning of Rule 16b-3 and “outside directors” within the meaning of Code Section 162(m)(4)(C). If the Board or the Committee has made such a delegation, then all references to the Administrator in this Plan include such other committee or one or more officers to the extent of such delegation.

(c) *Indemnification*. The Company will indemnify and hold harmless each member of the Board and the Committee, and each officer or member of any other committee to whom a delegation under Section 3(b) has been made, as to any acts or omissions with respect to this Plan or any Award to the maximum extent that the law and the Company’s articles of incorporation and by-laws permit.

4. Eligibility. The Administrator (to the extent of its authority) may designate any of the following as a Participant from time to time: any officer or other employee of the Company or its Affiliates, any individual that the Company or an Affiliate has engaged to become an officer or employee, any consultant or independent contractor engaged by the Company or an Affiliate to provide services, or any Non-Employee Director. The Administrator’s designation of a Participant in any year will not require the Administrator to designate such person to receive an Award in any other year. No individual shall have any right to be granted an Award, even if an Award was granted to such individual at any prior time, or if a similarly-situated individual is or was granted an Award under similar circumstances.

5. Types of Awards. Subject to the terms of this Plan, the Administrator may grant any type of Award to any Participant it selects, but only employees of the Company or a Subsidiary may receive grants of Incentive Stock Options. Awards may be granted alone or in addition to, in tandem with, or (subject to the prohibition on repricing set forth in Section 16(e)) in substitution for any other Award (or any other award granted under another plan of the Company or any Affiliate).

6. perShares Reserved under this Plan.

(a) *Plan Reserve*. Subject to adjustment as provided in Section 18, an aggregate of Five Million (5,000,000) Shares are reserved for issuance under this Plan. The Shares reserved for issuance may be either authorized and unissued Shares or Shares reacquired at any time and now or hereafter held as treasury stock. The aggregate number of Shares reserved under this Section 6(a) shall be depleted by the number of Shares with respect to which an Award is granted. For purposes of determining the aggregate number of Shares reserved for issuance under this Plan, any fractional Share shall be rounded to the next highest full Share.

(b) *Incentive Stock Option Award Limits*. Subject to adjustment as provided in Section 18, the Company may issue an aggregate of Four Million (4,000,000) Shares upon the exercise of Incentive Stock Options.

(c) *Replenishment of Shares Under this Plan*. If (i) an Award lapses, expires, terminates or is cancelled without the issuance of Shares under the Award (whether due currently or on a

deferred basis), (ii) it is determined during or at the conclusion of the term of an Award that all or some portion of the Shares with respect to which the Award was granted will not be issuable on the basis that the conditions for such issuance will not be satisfied, (iii) Shares are forfeited under an Award or (iv) Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares shall be recredited to the Plan's reserve (in the same number as they depleted the reserve) and may again be used for new Awards under this Plan, but Shares recredited to the Plan's reserve pursuant to clause (iv) may not be issued pursuant to Incentive Stock Options. Notwithstanding the foregoing, in no event shall the following Shares be recredited to the Plan's reserve: Shares tendered in payment of the exercise price of an Option; Shares withheld to satisfy federal, state or local tax withholding obligations; and Shares purchased by the Company using proceeds from Option exercises.

(d) *Addition of Shares from Prior Plan* After the Effective Date, if any Shares subject to awards granted under the Prior Plan would again become available for new grants under the terms of such plans if such plans were still in effect (taking into account such plan's provisions concerning termination or expiration, if any), then those Shares will be available for the purpose of granting Awards under this Plan, thereby increasing the number of Shares available for issuance under this Plan as determined under Section 6(a). Any such Shares will not be available for future awards under the terms of the Prior Plan.

(e) *Participant Limitations*. Subject to adjustment as provided in Section 18, no Participant may be granted Awards that could result in such Participant:

(i) receiving Options for, and/or Stock Appreciation Rights with respect to, more than 1,000,000 Shares during any fiscal year of the Company;

(ii) receiving Awards of Restricted Stock (including any dividends paid thereon) and/or Restricted Stock Units (including any associated Dividend Equivalent Units) and/or Deferred Stock Rights (including any associated Dividend Equivalent Units) relating to more than 1,000,000 Shares during any fiscal year of the Company;

(iii) receiving Awards of Performance Shares, and/or Awards of Performance Units the value of which is based on the Fair Market Value of Shares, for more than 1,000,000 Shares during any fiscal year of the Company;

(iv) receiving Awards of Performance Units the value of which is not based on the Fair Market Value of Shares that would pay more than $5,000,000.00 during any fiscal year of the Company;

(v) receiving other Stock-based Awards pursuant to Section 11 relating to more than 1,000,000 Shares during any fiscal year of the Company;

(vi) receiving an Annual Incentive Award in any fiscal year of the Company that would pay more than $5,000,000.00; or

(vii) receiving a Long-Term Incentive Award in any fiscal year of the Company that would pay more than $ 5,000,000.00.

In all cases, determinations under this Section 6(e) should be made in a manner that is consistent with the exemption forperformance-based compensation that Code Section 162(m) provides.

7. Options. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each Option, including but not limited to:

(a) Whether the Option is an Incentive Stock Option or a “nonqualified stock option” which does not meet the requirements of Code Section 422;

(b) The number of Shares subject to the Option;

(c) The date of grant, which may not be prior to the date of the Administrator’s approval of the grant;

(d) The exercise price, which may not be less than the Fair Market Value of the Shares subject to the Option as determined on the date of grant; provided that an Incentive Stock Option granted to a 10% Shareholder must have an exercise price at least equal to 110% of the Fair Market Value of the Shares subject to the Option as determined on the date of grant;

(e) The terms and conditions of exercise, including the manner and form of payment of the exercise price; provided that if the aggregate Fair Market Value of the Shares subject to all ISOs granted to a Participant (as determined on the date of grant of each such Option) that become exercisable during a calendar year exceed $100,000, then such ISOs shall be treated as nonqualified stock options to the extent such $100,000 limitation is exceeded; and

(f) The term; provided that each Option must terminate no later than ten (10) years after the date of grant and each Incentive Stock Option granted to a 10% Shareholder must terminate no later than five (5) years after the date of grant.

In all other respects, the terms of any Incentive Stock Option should comply with the provisions of Code Section 422 except to the extent the Administrator determines otherwise. If an Option that is intended to be an Incentive Stock Option fails to meet the requirements thereof, the Option shall automatically be treated as a nonqualified stock option to the extent of such failure.

8. Stock Appreciation Rights. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each SAR, including but not limited to:

(a) Whether the SAR is granted independently of an Option or relates to an Option;

(b) The number of Shares to which the SAR relates;

(c) The date of grant, which may not be prior to the date of the Administrator’s approval of the grant;

(d) The grant price, provided that the grant price shall not be less than the Fair Market Value of the Shares subject to the SAR as determined on the date of grant;

(e) The terms and conditions of exercise or maturity;

(f) The term, provided that each SAR must terminate no later than ten (10) years after the date of grant; and

(g) Whether the SAR will be settled in cash, Shares or a combination thereof.

If an SAR is granted in relation to an Option, then, unless otherwise determined by the Administrator, the SAR shall be exercisable or shall mature at the same time or times, on the same conditions and to the extent and in the proportion, that the related Option is exercisable and may be exercised or mature for all or part of the Shares subject to the related Option. Upon exercise of any number of SARs, the number of Shares subject to the related Option shall be reduced accordingly and such Option may not be exercised with respect to that number of Shares. The exercise of any number of Options that relate to an SAR shall likewise result in an equivalent reduction in the number of Shares covered by the related SAR.

9. Performance and Stock Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Restricted Stock, Restricted Stock Units, Deferred Stock Rights, Performance Shares or Performance Units, including but not limited to:

(a) The number of Shares and/or units to which such Award relates;

(b) Whether, as a condition for the Participant to realize all or a portion of the benefit provided under the Award, one or more Performance Goals must be achieved during such period as the Administrator specifies;

(c) The Restriction Period with respect to Restricted Stock or Restricted Stock Units and the period of deferral for Deferred Stock Rights;

(d) The performance period for Performance Awards;

(e) With respect to Performance Units, whether to measure the value of each unit in relation to a designated dollar value or the Fair Market Value of one or more Shares; and

(f) With respect to Restricted Stock Units and Performance Units, whether to settle such Awards in cash, in Shares, or a combination thereof.

Unless the Administrator shall otherwise provide, during the time Restricted Stock is subject to the Restriction Period, (1) Participants holding Shares of Restricted Stock may exercise full voting rights with respect to those Shares, and (2) the Participant shall have the right to receive any dividends paid with respect to such Shares, provided that such any dividends or other distributions paid or delivered with respect to such Shares of Restricted Stock shall be subject to the same conditions and restrictions applicable to such Shares and shall not be paid currently but shall be accrued and paid within thirty (30) days of such time as all applicable restrictions lapse and the Restriction Period expires.

Except as otherwise provided in the Plan, at such time as all restrictions applicable to an Award of Restricted Stock, Deferred Stock Rights or Restricted Stock Units are met and the Restriction Period expires, ownership of the Stock subject to such restrictions shall be transferred to the Participant free of all restrictions except those that may be imposed by applicable law; provided that if Restricted Stock Units are paid in cash, then the payment shall be made to the Participant after all applicable restrictions lapse and the Restriction Period expires.

10. Annual Incentive Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of an Annual Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable, and the timing of payment, subject to the following: (a) the Administrator must require that payment of all or any portion of the amount subject to the Annual Incentive Award is contingent on the achievement of one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or (for Awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m)) Retirement, or such other circumstances as the Administrator may specify; and (b) the performance period must relate to a period of one fiscal year of the Company except that, if the Award is made in the year this Plan becomes effective, at the time of commencement of employment with the Company or on the occasion of a promotion, then the Award may relate to a period shorter than one fiscal year.

11. Long-Term Incentive Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of a Long-Term Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable, and the timing of payment, subject to the following: (a) the Administrator must require that payment of all or any portion of the amount subject to the Long-Term Incentive Award is contingent on the achievement of one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or (for Awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m)) Retirement, or such other circumstances as the Administrator may specify; and (b) the performance period must relate to a period of more than one fiscal year of the Company.

12. Dividend Equivalent Units. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Dividend Equivalent Units, including but not limited to whether: (a) such Award will be granted in tandem with another Award; (b) payment of the Award be made currently or credited to an account for the Participant that provides for the deferral of such amounts until a stated time; and (c) the Award will be settled in cash or Shares.

13. Other Stock-Based Awards. Subject to the terms of this Plan, the Administrator may grant to Participants other types of Awards, which shall be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Shares, either alone or in addition to or in conjunction with other Awards, and payable in Stock or cash. Without limitation, such Award may include the issuance of unrestricted Shares (which may be awarded as payment of director fees, in lieu of cash compensation to which a Participant is otherwise

entitled, in exchange for cancellation of a compensation right, as a bonus, upon the attainment of Performance Goals or otherwise) or rights to acquire Stock from the Company. The Administrator shall determine all terms and conditions of the Award, including but not limited to, the time or times at which such Awards shall be made, and the number of Shares to be granted pursuant to such Awards or to which such Award shall relate; provided that any Award that provides for purchase rights shall be priced at 100% of Fair Market Value on the date of grant of the Award; and provided further that the date of grant cannot be prior to the date the Administrator takes action to approve the Award.

14. Effect of Termination on Awards If the Participant has in effect an employment, retention, change of control, severance or similar agreement with the Company or any Affiliate that discusses the effect of the Participant's termination of employment or service on the Participant's Awards, then such agreement shall control. In any other case, except as otherwise provided by the Administrator in an Award agreement or as determined by the Administrator prior to or at the time of termination of a Participant's employment or service, the following provisions shall apply upon a Participant's termination of employment or service with the Company and its Affiliates.

(a) *Termination of Employment or Service*. If a Participant's service with the Company and its Affiliates as an employee or Director ends for any reason other than (i) a termination for Cause or Inimical Conduct, (ii) Retirement, (iii) death or (iv) Disability, then:

(i) Any outstanding unvested Options or SARs shall be forfeited immediately upon such termination, and any outstanding vested Options or SARs shall be exercisable until the earlier of thirty (30) days following the Participant's termination date and the expiration date of the Option or SAR under the terms of the applicable Award agreement.

(ii) All other Awards made to the Participant, to the extent not then fully earned or vested, shall terminate on the Participant's last day of employment or service without payment therefor.

(b) *Retirement of Employees*. Upon Retirement of a Participant who is an employee:

(i) Any outstanding unvested Options or SARs shall be forfeited immediately upon Retirement, and any vested Options or SARs held by the Participant shall be exercisable to the extent they would have been exercisable as of the date of Retirement, and may be exercised until the earlier of the first (1st) anniversary of the date of Retirement or the last day of the term of the Option or SAR.

(ii) All outstanding Restricted Stock Units and Deferred Stock Rights (that are not Performance Awards) that are subject to a Restriction Period on the Participant's Retirement date shall be deemed to have lapsed and shall automatically be forfeited as of the date of the Retirement.

(iii) All Performance Awards outstanding on the Participant's Retirement date shall be paid in either unrestricted Shares or cash, as the case may be, following the end of the performance period and based on achievement of the Performance Goals established for such Awards, as if the Participant had not retired.

(iv) Any Incentive Awards held by the Participant shall be cancelled in exchange for a payment following the end of the performance period based on achievement of the Performance Goals established for such Award, but prorated based on the portion of the performance period that the Participant has completed at the time of Retirement.

(c) *Death of Participant*. If a Participant dies during employment with the Company and its Affiliates or while a Director:

(i) Any outstanding unvested Options or SARs shall be forfeited immediately upon such termination, and any outstanding vested Options or SARs shall be exercisable immediately to the extent they would have been exercisable on the date of the Participant's death, and may be exercised until the earlier of the first (1st) anniversary of the date of the Participant's death or the last day of the term of the Award.

(ii) Any outstanding Awards of Restricted Stock, Restricted Units and Deferred Stock Rights (that are not Performance Awards) that are subject to a Restriction Period as of the date of the Participant's death shall automatically be deemed to have lapsed and shall automatically be forfeited as of the date of death.

(iii) All Performance Awards outstanding on the date of the Participant's death shall be paid in either unrestricted shares of Stock or cash, as the case may be, following the end of the performance period and based on achievement of the Performance Goals established for such Awards, as if the Participant had not died, but prorated based on the portion of the performance period that the Participant has completed at the time of death.

(iv) Any Incentive Awards held by the Participant shall be cancelled in exchange for a payment following the end of the performance period based on achievement of the Performance Goals established for such Award, but prorated based on the portion of the performance period that the Participant has completed at the time of death.

(d) *Disability of Participant*. If a Participant's employment with the Company and its Affiliates or service as a Director terminates due to a Disability, then:

(i) Any outstanding unvested Options or SARs shall be forfeited immediately upon such termination, and any outstanding vested Options or SARs shall be exercisable immediately to the extent they would have been exercisable on the date of termination, and may be exercised until the earlier of the first (1st) anniversary of the date of termination or the last day of the term of the Option or SAR.

(ii) Any outstanding Awards of Restricted Stock, Restricted Units and Deferred Stock Rights (that are not Performance Awards) that are subject to a Restriction Period as of the Participant's date of termination shall automatically be deemed to have lapsed and shall automatically be forfeited as of the date of such termination.

(iii) All Performance Awards outstanding on the date of such termination shall be paid in either unrestricted shares of Stock or cash, as the case may be, based on the

degree to which the Participant had attained the applicable Performance Goals as of the date of such termination, but prorated based on the portion of the performance period that the Participant has completed at the time of termination.

(iv) Any Incentive Awards held by the Participant shall be cancelled in exchange for a payment following the end of the performance period based on achievement of the Performance Goals established for such Award, but prorated based on the portion of the performance period that the Participant has completed at the time of termination.

(e) *Termination for Cause or Inimical Conduct*. Unless otherwise provided by the Administrator, notwithstanding any provisions of this Plan or an Award agreement to the contrary, a Participant's Award shall be immediately cancelled and forfeited, regardless of vesting, and any pending exercises shall be cancelled, on the date that: (i) the Company or an Affiliate terminates the Participant's employment or service for Cause, (ii) the Administrator determines that the Participant's employment or service could have been terminated for Cause if the Company or Affiliate had all relevant facts in its possession as of the date of the Participant's termination, or (iii) the Administrator determines the Participant has engaged in Inimical Conduct. The Administrator may suspend all exercises or delivery of cash or Shares (without liability for interest thereon) pending its determination of whether the Participant has been or should have been terminated for Cause or has engaged in Inimical Conduct.

(f) *Other Stock-Based Awards*. The Committee shall have the discretion to determine, at the time an Award is made, the effect of the Participant's termination of employment or service with the Company and its Affiliates on other Stock-based Awards.

(g) *No Effect on Deferred Compensation Elections*. Notwithstanding the foregoing, none of the foregoing provisions of this Section 14 shall override the terms of, or any Participant elections under, any deferred compensation arrangements that relate to the deferral or distribution of Awards or other amounts that are subject to Code Section 409A.

15. Transferability.

(a) *Restrictions on Transfer*. No Award (other than unrestricted Shares), and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution, unless and to the extent the Administrator allows a Participant to: (i) designate in writing a beneficiary to exercise the Award after the Participant's death; or (ii) transfer an Award.

(b) *Restrictions on Exercisability*. Each Award, and each right under any Award, shall be exercisable during the lifetime of the Participant only by such individual or, if permissible under applicable law, by such individual's guardian or legal representative.

16. Termination and Amendment of Plan; Amendment, Modification or Cancellation of Awards.

(a) *Term of Plan*. Unless the Board or Committee earlier terminates this Plan pursuant to Section 16(b), this Plan will terminate on the date all Shares reserved for issuance have been

issued. If the term of this Plan extends beyond ten (10) years from the Effective Date, no Incentive Stock Options may be granted after such time unless the shareholders of the Company have approved an extension of this Plan for such purpose.

(b) *Termination and Amendment*. The Board or the Committee may amend, alter, suspend, discontinue or terminate this Plan at any time, subject to the following limitations:

(i) the Board must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) prior action of the Board, (B) applicable corporate law, or (C) any other applicable law;

(ii) shareholders must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) Section 16 of the Exchange Act, (B) the Code, (C) the listing requirements of any principal securities exchange or market on which the Shares are then traded, or (D) any other applicable law; and

(iii) shareholders must approve any of the following Plan amendments: (A) an amendment to increase any number of Shares specified in Section 6(a) or 6(b) or the limits set forth in Section 6(e) (except as permitted by Section 18), (B) an amendment to expand the group of individuals that may become Participants, or (C) an amendment that would diminish the protections afforded by Section 16(e).

(c) *Amendment, Modification, Cancellation and Disgorgement of Awards*.

(i) Subject to the requirements of the Plan, including the limitations of Section 16(e), the Administrator may modify, amend or cancel any Award or waive any restrictions or conditions applicable to any Award or the exercise of the Award, provided that any modification or amendment that materially diminishes the rights of the Participant, or the cancellation of the Award, shall be effective only if agreed to by the Participant or any other person(s) as may then have an interest in the Award, but the Administrator need not obtain Participant (or other interested party) consent for the modification, amendment or cancellation of an Award pursuant to the provisions of subsection (ii) or Section 18 or as follows: (A) to the extent the Administrator deems such action necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which the Shares are then traded; (B) to the extent the Administrator deems necessary to preserve favorable accounting or tax treatment of any Award for the Company; or (C) to the extent the Administrator determines that such action does not materially and adversely affect the value of an Award or that such action is in the best interest of the affected Participant or any other person(s) as may then have an interest in the Award. Notwithstanding the foregoing, unless determined otherwise by the Administrator, any such amendment shall be made in a manner that will enable an Award intended to be exempt from Code Section 409A to continue to be so exempt, or to enable an Award intended to comply with Code Section 409A to continue to so comply.

(ii) Notwithstanding anything to the contrary in an Award agreement, the Administrator shall have full power and authority to terminate or cause the Participant to

forfeit an Award, and require the Participant to disgorge to the Company any gains attributable to the Award, if the Participant engages in any action that constitutes a breach of any nonsolicitation, noncompete or confidentiality covenant under the Participant's employment agreement or other written agreement with the Company; or, after the Participant is no longer employed by the Company or any Affiliate:

(A) soliciting, with respect to any of the services or products that the Company or any Affiliate then provides to customers, any person or entity whom the Participant knows to be a customer of the Company or any Affiliate, or whose business the Participant solicited on behalf of the Company or any Affiliate while employed by it,

(B) soliciting or hiring any person who is then an employee of the Company or an Affiliate, or

(C) taking any action that, in the judgment of the Administrator, is not in the best interests of the Company or an Affiliate.

(iii) Any Awards granted pursuant to this Plan, and any Stock issued or cash paid pursuant to an Award, shall be subject to (A) any recoupment, clawback, equity holding, stock ownership or similar policies adopted by the Company from time to time and (B) any recoupment, clawback, equity holding, stock ownership or similar requirements made applicable by law, regulation or listing standards to the Company from time to time.

(iv) Unless the Award agreement specifies otherwise, the Administrator may cancel any Award at any time if the Participant is not in compliance with all applicable provisions of the Award agreement and the Plan.

(d) *Survival of Authority and Awards*. Notwithstanding the foregoing, the authority of the Board and the Administrator under this Section 16 and to otherwise administer the Plan will extend beyond the date of this Plan's termination. In addition, termination of this Plan will not affect the rights of Participants with respect to Awards previously granted to them, and all unexpired Awards will continue in force and effect after termination of this Plan except as they may lapse or be terminated by their own terms and conditions.

(e) *Repricing and Backdating Prohibited*. Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided in Section 18, neither the Administrator nor any other person may (i) amend the terms of outstanding Options or SARs to reduce the exercise price of such outstanding Options or SARs; (ii) cancel outstanding Options or SARs in exchange for Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs; or (iii) cancel outstanding Options or SARs with an exercise price above the current Share price in exchange for cash or other securities. In addition, the Administrator may not make a grant of an Option or SAR with a grant date that is effective prior to the date the Administrator takes action to approve such Award.

(f) *Foreign Participation*. To assure the viability of Awards granted to Participants employed or residing in foreign countries, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement or alternative versions that the Administrator approves for purposes of using this Plan in a foreign country will not affect the terms of this Plan for any other country. In addition, all such supplements, amendments, restatements or alternative versions must comply with the provisions of Section 16(b).

In addition, if an Award is held by a Participant who is employed or residing in a foreign country and the amount payable or Shares issuable under such Award would be taxable to the Participant under Code Section 457A in the year such Award is no longer subject to a substantial risk of forfeiture, then the amount payable or Shares issuable under such Award shall be paid or issued to the Participant as soon as practicable after such substantial risk of forfeiture lapses (or, for Awards that are not considered nonqualified deferred compensation subject to Code Section 409A, no later than the end of the short-term deferral period permitted by Code Section 457A) notwithstanding anything in this Plan or the Award agreement to contrary.

(g) *Code Section 409A*. The provisions of Code Section 409A are incorporated herein by reference to the extent necessary for any Award that is subject to Code Section 409A to comply therewith.

17. Taxes.

(a) *Withholding*. In the event the Company or an Affiliate of the Company is required to withhold any Federal, state or local taxes or other amounts in respect of any income recognized by a Participant as a result of the grant, vesting, payment or settlement of an Award or disposition of any Shares acquired under an Award, the Company may deduct (or require an Affiliate to deduct) from wages or other payments of any kind otherwise due the Participant cash, or with the consent of the Committee, Shares otherwise deliverable or vesting under an Award, to satisfy such tax obligations. Alternatively, the Company may require such Participant to pay to the Company, in cash, promptly on demand, or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such taxes and other amounts. If Shares are deliverable upon exercise or payment of an Award, the Committee may permit a Participant to satisfy all or a portion of the Federal, state and local withholding tax obligations arising in connection with such Award by electing to (a) have the Company withhold Shares otherwise issuable under the Award, (b) tender back Shares received in connection with such Award or (c) deliver other previously owned Shares; provided that the amount to be withheld may not exceed the total minimum federal, state and local tax withholding obligations associated with the transaction to the extent needed for the Company to avoid an accounting charge. If an election is provided, the election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Committee requires. In any case, the Company may defer making payment or delivery under any Award if any such tax may be pending unless and until the Participant has fulfilled all obligations with respect to such tax in a manner which is satisfactory to the Company, as determined in the Company's sole discretion.

(b) *No Guarantee of Tax Treatment*. Notwithstanding any provisions of the Plan, the Company does not guarantee to any Participant or any other Person with an interest in an Award that (i) any Award intended to be exempt from Code Section 409A shall be so exempt, (ii) any Award intended to comply with Code Section 409A or Code Section 422 shall so comply, (iii) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any Affiliate indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

(c) *Participant Responsibilities*. If a Participant shall dispose of Stock acquired through exercise of an ISO within either (i) two (2) years after the date the Option is granted or (ii) one (1) year after the date the Option is exercised (i.e., in a disqualifying disposition), such Participant shall notify the Company within seven (7) days of the date of such disqualifying disposition. In addition, if a Participant elects, under Code Section 83, to be taxed at the time an Award of Restricted Stock (or other property subject to such Code section) is made, rather than at the time the Award vests, such Participant shall notify the Company within seven (7) days of the date the Participant makes such an election.

18. Adjustment Provisions; Change of Control.

(a) *Adjustment of Shares*. If: (i) the Company shall at any time be involved in a merger or other transaction in which the Shares are changed or exchanged; (ii) the Company shall subdivide or combine the Shares or the Company shall declare a dividend payable in Shares, other securities or other property; (iii) the Company shall effect a cash dividend the amount of which, on a per Share basis, exceeds ten percent (10%) of the Fair Market Value of a Share at the time the dividend is declared, or the Company shall effect any other dividend or other distribution on the Shares in the form of cash, or a repurchase of Shares, that the Board determines by resolution is special or extraordinary in nature or that is in connection with a transaction that the Company characterizes publicly as a recapitalization or reorganization involving the Shares; or (iv) any other event shall occur, which, in the case of this clause (iv), in the judgment of the Board or Committee necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Administrator shall, in such manner as it may deem equitable to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, adjust as applicable: (A) the number and type of Shares subject to this Plan (including the number and type of Shares described in Section 6) and which may after the event be made the subject of Awards; (B) the number and type of Shares subject to outstanding Awards; (C) the grant, purchase, or exercise price with respect to any Award; and (D) to the extent such discretion does not cause an Award that is intended to qualify as performance-based compensation under Code Section 162(m) to lose its status as such, the Performance Goals of an Award. In any such case, the Administrator may also (or in lieu of the foregoing) make provision for a cash payment to the holder of an outstanding Award in exchange for the cancellation of all or a portion of the Award (without the consent of the holder of an Award) in an amount determined by the Administrator effective at such time as the Administrator specifies (which may be the time such transaction or event is effective). However, in each case, with respect to Awards of Incentive Stock Options, no such adjustment may be authorized to the extent that such authority would cause this Plan to violate Code Section 422(b). Further, the number of Shares subject to any Award payable or denominated in Shares must always be a

whole number. In any event, previously granted Options or SARs are subject only to such adjustments as are necessary to maintain the relative proportionate interest the Options and SARs represented immediately prior to any such event and to preserve, without exceeding, the value of such Options or SARs.

Without limitation, in the event of any reorganization, merger, consolidation, combination or other similar corporate transaction or event, whether or not constituting a Change of Control (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Stock is not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Administrator may substitute, on an equitable basis as the Administrator determines, for each Share then subject to an Award and the Shares subject to this Plan (if the Plan will continue in effect), the number and kind of shares of stock, other securities, cash or other property to which holders of Stock are or will be entitled in respect of each Share pursuant to the transaction.

Notwithstanding the foregoing, in the case of a stock dividend (other than a stock dividend declared in lieu of an ordinary cash dividend) or subdivision or combination of the Shares (including a reverse stock split), if no action is taken by the Administrator, adjustments contemplated by this subsection that are proportionate shall nevertheless automatically be made as of the date of such stock dividend or subdivision or combination of the Shares.

(b) *Issuance or Assumption*. Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Administrator may authorize the issuance or assumption of awards under this Plan upon such terms and conditions as it may deem appropriate, subject to the listing requirements of any principal securities exchange or market on which the Shares are then traded.

(c) *Change of Control.* If the Participant has in effect an employment, retention, change of control, severance or similar agreement with the Company or any Affiliate that discusses the effect of a Change of Control on the Participant's Awards, then such agreement shall control. In all other cases, unless provided otherwise in an Award agreement or by the Administrator prior to the date of the Change of Control, in the event of a Change of Control:

(i) If the purchaser, successor or surviving corporation (or parent thereof) (the "Survivor") so agrees, some or all outstanding Awards shall be assumed, or replaced with the same type of award with similar terms and conditions, by the Survivor in the Change of Control transaction. If applicable, each Award which is assumed by the Survivor shall be appropriately adjusted, immediately after such Change of Control, to apply to the number and class of securities which would have been issuable to the Participant upon the consummation of such Change of Control had the Award been exercised, vested or earned immediately prior to such Change of Control, and other appropriate adjustments in the terms and conditions of the Award shall be made.

(ii) To the extent the Survivor in the Change of Control transaction does not agree to assume the Awards or issue replacement awards as provided in clause (i), then immediately prior to the date of the Change of Control:

(A) Each Option or SAR that is then held by a Participant who is employed by or in the service of the Company or an Affiliate shall become immediately and fully vested, and, unless otherwise determined by the Board or Committee, all Options and SARs shall be cancelled on the date of the Change of Control in exchange for a cash payment equal to the excess of the Change of Control price of the Shares covered by the Option or SAR that is so cancelled over the purchase or grant price of such Shares under the Award.

(B) Restricted Stock, Restricted Stock Units and Deferred Stock Rights (that are not Performance Awards) that are not then vested shall vest.

(C) All Performance Awards and Annual and Long-Term Incentive Awards that are earned but not yet paid shall be paid upon the Change of Control, and all Performance Awards and Annual and Long-Term Incentive Awards for which the performance period has not expired shall be cancelled in exchange for a cash payment to be made within thirty (30) days after the Change of Control equal to the product of (1) the maximum value payable to the Participant under his Award and (2) a fraction, the numerator of which is the number of days after the first day of the performance period on which the Change of Control occurs and the denominator of which is the number of days in the performance period.

(D) All Dividend Equivalent Units that are not vested shall vest and be paid in cash, and all other Awards that are not vested shall vest and if an amount is payable under such vested Award, such amount shall be paid in cash based on the value of the Award.

(iii) In the event that (1) the Survivor terminates the Participant's employment or service without cause (as defined in the agreement relating to the Award or, if not defined therein, as defined by the Administrator) or (2) if the Participant has in effect an employment, retention, change of control, severance or similar agreement with the Company or any Affiliate that contemplates the termination of his or her employment or service for good reason, and the Participant terminates his or her employment or service for good reason (as defined in such agreement), in the case of either (1) or (2) within twelve (12) months following a Change of Control, then the following provisions shall apply to any assumed Awards or replacement awards described in paragraph (i) and any Awards not cancelled in connection with the Change of Control pursuant to paragraph (ii):

(A) Effective upon the date of the Participant's termination of employment or service, all outstanding Awards or replacement awards automatically shall vest (assuming for any Award the vesting of which is subject to Performance Goals, that such goals had been met at the target level); and

(B) With respect to Options or Stock Appreciation Rights, at the election of the Participant, such Awards or replacement awards shall be cancelled as of the date of such termination in exchange for a payment

in cash and/or Shares (which may include shares or other securities of the Survivor) equal to the excess of the Fair Market Value of the Shares on the date of such termination covered by the portion of the Option or Stock Appreciation Right that has not been exercised over the exercise or grant price of such Shares under the Award; and

(C) With respect to Restricted Stock, Restricted Stock Units or Deferred Stock Rights, at the election of the Participant, such Awards or replacement awards shall be cancelled as of the date of such termination in exchange for a payment in cash and/or Shares (which may include shares or other securities of the Survivor) equal to the Fair Market Value of a Share on the date of such termination; and

(D) With respect to Performance Awards and Annual and Long-Term Incentive Awards that are earned but not yet paid, such Awards or replacement awards shall be paid upon the termination of employment or service, and with respect to Performance Awards and Annual and Long-Term Incentive Awards for which the performance period has not expired, such Awards shall be cancelled in exchange for a cash payment to be made within thirty (30) days after the date of termination equal to the product of (1) the maximum value payable to the Participant under his Award and (2) a fraction, the numerator of which is the number of days after the first day of the performance period on which the termination occurs and the denominator of which is the number of days in the performance period; and

(E) With respect to other Awards, such Awards or replacement awards shall be cancelled as of the date of such termination in exchange for a payment in cash in an amount equal to the value of the Award.

Notwithstanding anything to the contrary in the foregoing, if the Participant has a deferral election in effect with respect to any amount payable under this Section 18(c), such amount shall be deferred pursuant to such election and shall not be paid in a lump sum as provided herein. Notwithstanding the foregoing, with respect to amounts payable to a Participant (or the Participant's beneficiary or estate) who is entitled to a payment hereunder because the Participant's employment terminated as a result of death or Disability, or payable to a Participant who has met the requirements for Retirement (without regard to whether the Participant has terminated employment), no payment shall be made unless the Change of Control (as defined below) also constitutes a change of control within the meaning of Code Section 409A.

If the value of an Award is based on the Fair Market Value of a Share, Fair Market Value shall be deemed to mean the per share Change of Control price. The Administrator shall determine the per share Change of Control price paid or deemed paid in the Change of Control transaction.

(d) *Application of Limits on Payments*. Except as otherwise expressly provided in any agreement between a Participant and the Company or an Affiliate, if the receipt of any payment

by a Participant under the circumstances described above would result in the payment by the Participant of any excise tax provided for in Section 280G and Section 4999 of the Code, then the amount of such payment shall be reduced to the extent required to prevent the imposition of such excise tax.

19. Miscellaneous.

(a) *Other Terms and Conditions*. The grant of any Award may also be subject to other provisions (whether or not applicable to the Award granted to any other Participant) as the Administrator determines appropriate, including, without limitation, provisions for:

(i) the payment of the purchase price of Options by delivery of cash or other Shares or other securities of the Company (including by attestation) having a then Fair Market Value equal to the purchase price of such Shares, or by delivery (including by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the exercise price;

(ii) one or more means to enable Participants to defer the delivery of Shares or recognition of taxable income relating to Awards or cash payments derived from the Awards on such terms and conditions as the Administrator determines, including, by way of example, the form and manner of the deferral election, the treatment of dividends paid on the Shares during the deferral period or a means for providing a return to a Participant on amounts deferred, and the permitted distribution dates or events (provided that no such deferral means may result in an increase in the number of Shares issuable under this Plan);

(iii) restrictions on resale or other disposition of Shares; and

(iv) compliance with federal or state securities laws and stock exchange requirements.

(b) *Employment and Service*. The issuance of an Award shall not confer upon a Participant any right with respect to continued employment or service with the Company or any Affiliate, or the right to continue as a Director. Unless determined otherwise by the Administrator, for purposes of the Plan and all Awards, the following rules shall apply:

(i) a Participant who transfers employment between the Company and its Affiliates, or between Affiliates, will not be considered to have terminated employment;

(ii) a Participant who ceases to be employed by the Company or an Affiliate and immediately thereafter becomes a Non-Employee Director, a non-employee director of an Affiliate, or a consultant to the Company or any Affiliate shall not be considered to have terminated employment until such Participant's service as a director of, or consultant to, the Company and its Affiliates has ceased; and

(iii) a Participant employed by an Affiliate will be considered to have terminated employment when such entity ceases to be an Affiliate.

Notwithstanding the foregoing, for purposes of an Award that is subject to Code Section 409A, if a Participant's termination of employment or service triggers the payment of compensation under such Award, then the Participant will be deemed to have terminated employment or service upon his or her "separation from service" within the meaning of Code Section 409A. Notwithstanding any other provision in this Plan or an Award to the contrary, if any Participant is a "specified employee" within the meaning of Code Section 409A as of the date of his or her "separation from service" within the meaning of Code Section 409A, then, to the extent required by Code Section 409A, any payment made to the Participant on account of such separation from service shall not be made before a date that is six months after the date of the separation from service.

(c) *No Fractional Shares*. No fractional Shares or other securities may be issued or delivered pursuant to this Plan, and the Administrator may determine whether cash, other securities or other property will be paid or transferred in lieu of any fractional Shares or other securities, or whether such fractional Shares or other securities or any rights to fractional Shares or other securities will be canceled, terminated or otherwise eliminated.

(d) *Offset*. The Company shall have the right to offset, from any amount payable or stock deliverable hereunder, any amount that the Participant owes to the Company or any Affiliate without the consent of the Participant or any individual with a right to the Participant's Award.

(e) *Unfunded Plan*. This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits. This Plan does not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any person holds any rights by virtue of an Award granted under this Plan, such rights are no greater than the rights of the Company's general unsecured creditors. Income recognized by a Participant pursuant to an Award shall not be included in the determination of benefits under any employee pension benefit plan (as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) or group insurance or other benefit plans applicable to the Participant which are maintained by the Company or any Affiliate, except as may be provided under the terms of such plans or determined by resolution of the Board.

(f) *Requirements of Law and Securities Exchange*. The granting of Awards and the issuance of Shares in connection with an Award are subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan or any Award agreement, the Company has no liability to deliver any Shares under this Plan or make any payment unless such delivery or payment would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity, and unless and until the Participant has taken all actions required by the Company in connection therewith. The Company may impose such restrictions on any Shares issued under the Plan as the Company determines necessary or desirable to comply with all applicable laws, rules and regulations or the requirements of any national securities exchange.

(g) *Restrictive Legends; Representations*. All Shares delivered (whether in certificated or book entry form) pursuant to any Award or the exercise thereof shall bear such legends or be subject to such stop transfer orders as the Administrator may deem advisable under the Plan or under applicable laws, rules or regulations or the requirements of any national securities exchange. The Administrator may require each Participant or other Person who acquires Shares under the Plan by means of an Award to represent to the Company in writing that such Participant or other Person is acquiring the Shares without a view to the distribution thereof.

(h) *Governing Law*. This Plan, and all Awards hereunder, and all determinations made and actions taken pursuant to this Plan, shall be governed by the internal laws of the State of Florida (without reference to conflict of law principles thereof) and construed in accordance therewith, to the extent not otherwise governed by the laws of the United States or as otherwise provided hereinafter. Any dispute or claim arising in connection with this Plan or any Award shall be resolved in the state or federal courts residing in Hillsborough County, Florida that have jurisdiction, and all Participants agree to submit to the exclusive jurisdiction of such courts.

(i) *Construction*. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Titles of sections are for general information only, and this Plan is not to be construed with reference to such titles.

(j) *Severability*. If any provision of this Plan or any Award agreement or any Award (a) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or (b) would disqualify this Plan, any Award agreement or any Award under any law the Administrator deems applicable, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of this Plan, Award agreement or Award, then such provision should be stricken as to such jurisdiction, person or Award, and the remainder of this Plan, such Award agreement and such Award will remain in full force and effect.

STATE BOARD OF ADMINISTRATION OF FLORIDA

1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

RICK SCOTT
GOVERNOR
AS CHAIRMAN

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

ATTENTION: THIS ADDENDUM MUST BE COMPLETED, SIGNED, AND RETURNED BY ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT REGARDLESS OF CHOICE TO ACCEPT OR REJECT THIS OPTIONAL COVERAGE

ADDENDUM NO. 1
to
REIMBURSEMENT CONTRACT
Effective: June 1, 2013
(Contract)

between

HOMEOWNERS CHOICE PROPERTY AND CASUALTY INSURANCE COMPANY

PARAGON
FEB 28 '13

(Company)

NAIC # 12944

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA) WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

It is Hereby Agreed, effective at 12:00:01 a.m., Eastern Time, June 1, 2013, that this Contract shall be amended as follows:

TEMPORARY INCREASE IN COVERAGE LIMIT OPTIONS FOR ADDITIONAL COVERAGE PURSUANT TO SECTION 215.555(17), FLORIDA STATUTES.

Pursuant to Section 215.555(17), Florida Statutes, the Temporary Increase in Coverage Limit (TICL) Options provision allows the Company to select additional FHCF reimbursement coverage above its mandatory FHCF coverage layer under the Reimbursement Contract. The optional coverage selections provided in this Addendum No. 1 expires on May 31, 2014. Coverage provided under TICL shall otherwise be consistent with terms and conditions as relates to the Reimbursement Contract including, but not limited to, definitions, coverage for Covered Policies as defined, exclusions, loss reporting, and examination procedures.

To be eligible for this optional coverage, the Company must return a fully executed Addendum No. 1 (two originals) no later than 5 p.m., Central Time, March 1, 2013. New Participants, as

defined in Article V of the Contract, must return a fully executed Addendum No. 1 (two originals) within thirty days of writing its first Covered Policy and prior to a Loss Occurrence, as both terms are defined in Article V of the Contract, under which the Company would be eligible for reimbursements under the Contract.

Any Company failing to meet the applicable deadline shall not be eligible for optional coverage under Addendum No. 1.

I. TICL Coverage

The Company may purchase one of two optional coverages above its mandatory FHCF coverage provided for in the FHCF Reimbursement Contract. The TICL options allow the Company to purchase its mandatory FHCF premium share of one of the two optional layers of coverage. The optional layers of coverage above the mandatory FHCF coverage are $2 billion or $1 billion.

The purchase of a TICL option increases the Company's coverage under the Reimbursement Contract as calculated pursuant to Section 215.555(4)(d)2., Florida Statutes. The Company's increased coverage shall be the FHCF reimbursement premium multiplied by the TICL multiple. Each TICL coverage multiple shall be calculated by dividing $2 billion or $1 billion by the aggregate mandatory FHCF premium under the Reimbursement Contract paid by all Companies.

In order to determine the Company's total limit of coverage, the Company's TICL coverage multiple is added to its regular Payout Multiple under the Reimbursement Contract. The total of these two multiples shall represent a number that, when multiplied by an Company's mandatory FHCF reimbursement premium under the Reimbursement Contract, defines the Company's total limit of FHCF reimbursement coverage for the Contract Year under the Reimbursement Contract and Addendum No. 1. The SBA shall reimburse the Company for 45 percent, 75 percent, or 90 percent of its losses from each Covered Event in excess of the Company's FHCF Retention under the Reimbursement Contract, plus 5 percent of the reimbursed losses to cover loss adjustment expense, not to exceed the Company's total limit of coverage as defined above. The percentage shall be the same as the coverage level selected by the Company under its Reimbursement Contract.

II. TICL Premium

The Company's TICL premium shall be determined as specified in Sections 215.555(5) and (17), Florida Statutes, and shall be due and payable in three installments on August 1, 2013, October 1, 2013, and December 1, 2013.

III. Liability of the FHCF

Pursuant to Section 215.555(17)(g), Florida Statutes, the liability of the FHCF with respect to all TICL addenda shall not exceed $2 billion and shall depend on the number of insurers that select the TICL optional coverage and the TICL coverage options selected. In no circumstance shall the liability of the FHCF exceed its actual claims-paying capacity as defined in Section 215.555(2)(m), Florida Statutes.

The additional TICL capacity shall apply only to the additional coverage provided under the TICL options and shall not otherwise affect any insurer's reimbursement from the FHCF if the insurer chooses not to select a TICL option to increase its limit of FHCF coverage.

IV. Coordination of Coverage

Reimbursement amounts under TICL shall not be reduced by reinsurance paid or payable to the Company from sources other than the FHCF.

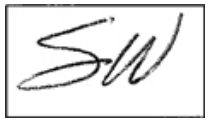
The TICL coverage shall be in addition to all other coverage provided by the FHCF under the Company's Reimbursement Contract or other Addenda to the Reimbursement Contract, and shall be in addition to the claims-paying capacity of the FHCF as defined in Section 215.555(4)(c)l., Florida Statutes, but only with respect to those insurers that select the TICL coverage.

The TICL coverage selected is irrevocable and shall not overlap or duplicate coverage otherwise provided for in the Reimbursement Contract, or any Addenda to the Reimbursement Contract, or offset any co-payments or retention amounts.

V. Addendum No. 1 TICL Coverage Election

ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT MUST INDICATE BELOW THE LEVEL OF OPTIONAL TICL COVERAGE SELECTED, IF ANY. IF THE COMPANY FAILS TO MEET THE MARCH 1, 2013 DEADLINE OR MEETS THIS DEADLINE BUT FAILS TO SELECT AN OPTIONAL COVERAGE UNDER THIS ADDENDUM, IT SHALL BE DEEMED BY THE STATE BOARD OF ADMINISTRATION TO BE A CHOICE TO REJECT TICL COVERAGE.

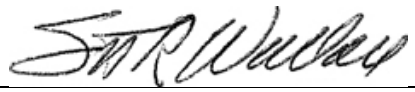
If your Company does not want to purchase any TICL coverage, print "No Coverage" on the line below and initial the box.

NO COVERAGE 

By selecting an option below (initial the applicable box), the Company is selecting its proportionate share based on its mandatory FHCF reimbursement premium to the total mandatory FHCF reimbursement premiums paid by all Companies of the layer of optional coverage.

Company selects $1 billion TICL Coverage Option	**OR**	**Company selects $2 billion TICL Coverage Option**

VI. Signatures



Homeowners Choice Property and Casualty Insurance Company

By: Scott Wallace / President, P & C — 2/20/2013

Typed/Printed Name and Title — Date

Approved by:

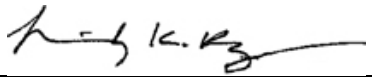
Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By: — 5/15/13

Ashbel C. Williams — Date
Executive Director & CIO

Approved as to legality:

APPROVED AS TO LEGALITY:

By:  — 5/15/13

MINDY K. RAYMAKER — Date
ASSISTANT GENERAL COUNSEL

Exhibit 10.9

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission.

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

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CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of the calendar month.

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured's policy, any amount of loss for which the Reinsured is liable because of such invalidation with not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. Section A: The Reinsured shall retain and be liable for the first $7,500,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for 65% of the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed 65% of $61,500,000 as respects any one Loss Occurrence, nor shall it exceed 65% of $61,500,000 as respects all Loss Occurrences commencing during the Term of this Contract.

   Notwithstanding the provisions above, no claim shall be made hereunder as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes "one risk."

   It is understood the Reinsured may maintain in force excess reinsurance, recoveries under which shall inure, unless otherwise stated in the Inuring Reinsurance Article, solely to the Reinsured's benefit and be entirely disregarded in applying all of the provisions of this Contract.

2. Section B: The Reinsured shall retain and be liable for the first $31,000,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for 20% of the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed 20% of $30,000,000 as respects any one Loss Occurrence, nor shall it exceed 20% of $30,000,000 as respects all Loss Occurrences commencing during the Term of this Contract.

   Notwithstanding the foregoing, the Reinsured shall make no recovery hereunder unless and until it has retained an amount of Ultimate Net Less equal to $30,000,000, as respects Loss Occurrences commencing during the Term of this Contract, which would be otherwise recoverable under this Contract were it not for the provisions of this paragraph.

3. Notwithstanding the provisions above, the Reinsurer shall not be liable for any amount greater than 65% of $61,500,000 for the coverage afforded under Section A and Section B combined hereunder.

ARTICLE 5

INURING REINSURANCE

1. The Reinsured shall maintain property catastrophe excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:
   a. $3,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $7,000,000; and
   b. $20,000,000 in excess of $11,000,000 any one Loss Occurrence, subject to an annual limit of $40,000,000 and covering hurricane events only; and
   c. $30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $60,000,000; and
   d. $39,000,000 in excess of $61,000,000 any one Loss Occurrence, subject to an annual limit of $39,000,000; and
   e. $85,000,000 in excess of $100,000,000 any one Loss Occurrence, subject to an annual limit of $170,000,000; and
   f. 90% placement of $129,000,000 in excess of $234,000,000 any one Loss Occurrence, subject to an annual limit of $129,000,000.

2. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000;

   The provisional limit and retention above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

   Any loss reimbursement paid or payable to the Reinsured for the mandatory layer provided by the FHCF, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (1) above. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

   Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with this paragraph (2). Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer under any excess layer in any one Loss Occurrence is less than the amount previously paid by the Reinsurer under the excess layer, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer under any excess layer in any one Loss Occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

   If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 6

REINSURANCE PREMIUM

1. As respects the reinsurance provided hereunder, the Reinsured shall pay the Reinsurer the greater of the following:
   a. **% of $******** (or a pro rata portion thereof in the event this Contract is terminated) plus $********; or
   b. ***% of ***% of the Reinsured's Total Insured Value as of September 30, 2013 (the "adjusted premium"). However, in the event the difference between the adjusted premium and the deposit premium is less than or equal to **% of the deposit premium, the premium due hereunder shall be **% of $*********. Further, in the event the adjusted premium hereunder is greater than **% of $*********, the premium due hereunder shall be equal to the **% of $********** plus the difference between the adjusted premium and **% of $**********. Further, in the event the adjusted premium hereunder is less than **% of $**********, the premium due hereunder shall be equal to **% $********* less the difference between **% of $********** and the adjusted premium.
2. The Reinsured shall pay the Reinsurer a deposit premium of $*********** on June 1, 2013 and the Adjusted Deposit Installment, defined in paragraph (3) below, on January 1, 2014. No deposit premium installments shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.
3. "Adjusted Deposit Installment" as used herein shall mean:
   a. The premium due hereunder, computed in accordance with paragraph (1) above, plus $**********; less
   b. $**********.

4. In the event this Contract is terminated in accordance with the provisions of paragraph (3) of the Term Article, the reinsurance premium due hereunder shall be prorated based on the period of the Reinsurer's participation hereunder.

5. No later than January 1, 2014 (or as promptly as possible following termination in the event this Contract is terminated prior to January 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) or (4) above (as applicable) and the adjusted deposit installment, computed in accordance with paragraph (3) above. In the event this Contract is terminated prior to January 1, 2014, any additional premium due the Reinsurer or return premium due the Reinsured shall be remitted promptly.

6. The Reinsured shall furnish the Reinsurer with such information as the Reinsurer may require to complete its Annual Convention Statement.

7. "Total Insured Value" means the sum of Coverage A, B, C and D on Business Covered as defined in the Business Covered Article.

ARTICLE 7

DEFINITIONS

ULTIMATE NET LOSS

The term "Ultimate Net Loss" as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured's Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms "Loss in Excess of Policy Limits" and "Extra Contractual Obligations" as used herein shall be defined as follows:

a. "Loss in Excess of Policy Limits" shall mean any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured's Policy limits having been incurred because of, but not

limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured's alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. "Extra Contractual Obligations" shall mean any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured's alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects any one Coverage excess layer or any one Coverage Section hereunder.

LOSS ADJUSTMENT EXPENSE

The term "Loss Adjustment Expense" as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured's field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this

Contract, expenses of the Reinsured's officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured's employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term "Declaratory Judgment Expense" as used herein shall be defined as the Reinsured's own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured's defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

"Term of this Contract" as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, "Term of this Contract" as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 8

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured's Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party

may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.

2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 13

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $39,975,000 (the "Collateral") less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Reinsurance Premium Article shall be deposited into the Trust Account.
2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of Section 5 of the Trust Agreement.
4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall promptly deposit the difference into the Trust Account.
5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 14

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:

   a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount ("BLA").

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term "Windstorm" shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $7,500,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of 65% of the Presumed Ultimate Net Loss and the limit of 65% of $61,500,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of 65% of $61,500,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer. In the event the calculation indicates additional collateral is required, the Reinsurer will have 10 business days from receipt of the report to deposit the required collateral into the Trust.

ARTICLE 15

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "confidential information") are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;
   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or
   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

   Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.
4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 16

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 17

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.
2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 18

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 19

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 20

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 21

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured

shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 22

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 23

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 24

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The Reinsured understands and accepts that Aeolus Re Ltd. is registered as a segregated account company under the Bermuda Segregated Accounts Companies Act 2000 and that the Reinsurers include the segregated accounts of Aeolus Re Ltd. listed in Schedule I.

2. For purposes of this Article, each of such segregated accounts is individually referred to as a "SAC Reinsurer" and collectively as the "SAC Reinsurers". All corporate matters relating to the creation of the SAC Reinsurers, including, but not limited to, the capacity of the SAC Reinsurers, the segregated nature of the SAC Reinsurers and Aeolus Re Ltd., and the operation and liquidation of the SAC Reinsurers, will be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured acknowledges that each of the SAC Reinsurers has written and/or will write other reinsurance or retrocession policies and that the assets and liabilities attributable to each such contract shall be linked to the SAC Reinsurer writing such contract. Accordingly, each SAC Reinsurer (*i.e.*, segregated account) will have assets and liabilities relating to a multiple of reinsurance contracts. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with each of the SAC Reinsurers.

3. Notwithstanding any other provision of this Contract to the contrary, the liability of each SAC Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together the "SAC Obligations") will be limited to and payable solely from the assets linked to that SAC Reinsurer. Accordingly there will be no recourse to any other assets of Aeolus Re Ltd. (including, for the avoidance of doubt, any assets linked to any other segregated account of Aeolus Re Ltd. or to its general account). In the event that the assets linked to a SAC Reinsurer are insufficient to meet all of its SAC Obligations, any SAC Obligations remaining after the application of such assets linked to such SAC Reinsurer will be extinguished, and the Reinsured undertakes in such circumstances to take no further action against such SAC Reinsurer, Aeolus Re Ltd. or any other segregated accounts of Aeolus Re Ltd. in respect of any such SAC Obligations. In particular, neither the Reinsured nor any party acting on its behalf will petition or take any steps for the winding up or receivership of a SAC Reinsurer, Aeolus Re Ltd., or any other segregated account of Aeolus Re Ltd.

4. The Reinsured also understands and accepts that the Reinsurers include one special purpose insurer, which is licensed under the Bermuda Insurance Act 1978 and identified in Schedule I hereto (for purposes of this Article, the "SPI Reinsurer"). Notwithstanding any other provision of this Contract to the contrary, the liability of such SPI Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together the "SPI Obligations") will be limited to and payable solely from its own assets. The Reinsured acknowledges that the SPI Reinsurer has written and/or will write other reinsurance or retrocession policies and that the assets and liabilities attributable to each such contract will form the assets and liabilities of such SPI Reinsurer under those contracts. Accordingly, the SPI Reinsurer will have assets and liabilities relating to a multiple of reinsurance contracts. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the SPI Reinsurer. In the event that the assets available to a SPI Reinsurer are insufficient to meet all of its SPI Obligations, any SPI Obligations remaining after the application of such assets available to such SPI Reinsurer will be extinguished, and the Reinsured undertakes in such circumstances to take no further action against such SPI Reinsurer in respect of any of its remaining SPI Obligations. In particular, neither the Reinsured nor any party acting on its behalf will petition or take any steps for the liquidation, winding up or receivership of the SPI Reinsurer.

5. This Limited Recourse and Bermuda Regulations Article shall survive termination of this Reinsurance Agreement.

ARTICLE 25

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 26

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 27

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 28

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 29

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 30

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 31

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 32

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 33

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 34

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 35

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 36

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

SCHEDULE I

Listing of Segregated Accounts

AEOLUS RE Ltd. in respect of its:

UNDERWRITING SEGREGATED ACCOUNT
KEYSTONE SEGREGATED ACCOUNT
HOTORU RE SEGREGATED ACCOUNT
QVT V SEGREGATED ACCOUNT

Listing of SPIs

PENDULUM RE II LTD.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL COLLECTION TABLES

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 ? Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col. 8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.
5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.
6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
7. Reinsured to be sole judge of what constitutes:
   (a) substantial quantities, and
   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

(a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

(b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

TRUST AGREEMENT

(copy to be included)

Exhibit 10.10

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission.

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

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CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur:

   a. The Reinsurer's policyholders' surplus (or its equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Reinsured, has been reduced by 20.0% of the amount of surplus (or the applicable equivalent) at any date during the prior 12-month period (including the 12-month period prior to the inception of this Contract); or

   b. The Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or its Standard & Poor's rating has been assigned or downgraded below BBB+; or

   c. The Reinsurer has become merged with, acquired by or controlled by any other entity or unaffiliated individual(s) not controlling the Reinsurer's operations at the inception of this Contract; or

   d. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   e. The Reinsurer has become insolvent or has been placed into liquidation, receivership, supervision, administration, winding-up or under a scheme of arrangement, or similar proceedings (whether voluntary or involuntary) or proceedings have been instituted against the Reinsurer for the appointment or a receiver, liquidator, rehabilitator, supervisor, administrator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or

   f. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

   g. The Reinsurer has ceased assuming new or renewal property and casualty treaty reinsurance business; or

   h. The Reinsurer has hired an unaffiliated runoff claims manager that is compensated on a contingent basis or is otherwise provided with financial incentives based on the quantum of claims paid.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:
   a. All excess of loss reinsurance assumed by the Reinsured.
   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.
   c. Financial guarantee and insolvency.
   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.
   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.
   f. Nuclear risks as defined in the "Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance U.S.A." attached to and forming part of this Contract.
   g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.
   h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. The Reinsured shall retain and be liable for the first $7,500,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed $61,500,000 as respects any one Loss Occurrence, nor shall it exceed $61,500,000 as respects all Loss Occurrences commencing during the Term of this Contract
2. Notwithstanding the provisions above, no claim shall be made hereunder as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes "one risk."
3. It is understood the Reinsured may maintain in force excess reinsurance, recoveries under which shall inure, unless otherwise stated in the Inuring Reinsurance Article, solely to the Reinsured's benefit and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 5

INURING REINSURANCE

1. The Reinsured shall maintain property catastrophe excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:
   a. $3,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $7,000,000; and
   b. $20,000,000 in excess of $11,000,000 any one Loss Occurrence, subject to an annual limit of $40,000,000 and covering hurricane events only; and
   c. $30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $60,000,000; and
   d. $39,000,000 in excess of $61,000,000 any one Loss Occurrence, subject to an annual limit of $39,000,000; and

e. $85,000,000 in excess of $100,000,000 any one Loss Occurrence, subject to an annual limit of $170,000,000; and

f. 90% placement of $129,000,000 in excess of $234,000,000 any one Loss Occurrence, subject to an annual limit of $129,000,000.

2. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

a. 90% of $486,000,000 excess of $185,000,000.

The provisional limit and retention above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

Any loss reimbursement paid or payable to the Reinsured for the mandatory layer provided by the FHCF, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (1) above. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with this paragraph (2). Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer under any excess layer in any one Loss Occurrence is less than the amount previously paid by the Reinsurer under the excess layer, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer under any excess layer in any one Loss Occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 6

REINSURANCE PREMIUM

1. As respects the reinsurance provided hereunder, the Reinsured shall pay the Reinsurer the greater of the following:
   a. $*******; or
   b. ******% of the Reinsured's Total Insured Value as of September 30, 2013 (the "adjusted premium"). However, in the event the difference between the adjusted premium and the deposit premium is less than or equal to **% of the deposit premium, the premium due hereunder shall be $*********. Further, in the event the adjusted premium hereunder is greater than $*********, the premium due hereunder shall be equal to the $********** plus the difference between the adjusted premium and $**********. Further, in the event the adjusted premium hereunder is less than $**********, the premium due hereunder shall be equal to $********* less the difference between $********** and the adjusted premium.
2. The Reinsured shall pay the Reinsurer a deposit premium installment of $******** on June 1, 2013 and the Adjusted Deposit Installment, defined in paragraph (3) below, on January 1, 2014. However, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.
3. "Adjusted Deposit Installment" as used herein shall mean:
   a. The premium due hereunder, computed in accordance with paragraph (1) above; less
   b. $**********.

4. If the Reinsured elects to reduce or terminate a Reinsurer's participation percentage in accordance with paragraph (3) of the Term Article, the minimum premium set forth in subparagraph (a) of paragraph (1) above shall not apply. Further, the reinsurance premium as otherwise determined in accordance with the provisions of subparagraph (b) of paragraph (1) above shall be replaced with the following:

   a. In the event a loss occurs prior to the effective date of reduction or termination and the Reinsurer's liability for such Loss Occurrence exceeds $**********, the reinsurance premium for the Term of this Contract shall equal $********** times the ratio the loss recoverable hereunder bears to $*********.

   b. In the event no loss occurs prior to the effective date of reduction or termination or a loss occurs whereby the Reinsurer's liability for such Loss Occurrence is less than $*********, the reinsurance premium for the Term of this Contract shall equal the pro rata portion of the reinsurance premium otherwise due hereunder based on the proportion the Term of this Contract bears to the original 12-month Term of this Contract.

5. No later than January 1, 2014 (or as promptly as possible following termination in the event this Contract is terminated prior to January 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) or (4) above (as applicable) and the adjusted deposit installment, computed in accordance with paragraph (3) above. In the event this Contract is terminated prior to January 1, 2014, any additional premium due the Reinsurer or return premium due the Reinsured shall be remitted promptly.

6. The Reinsured shall furnish the Reinsurer with such information as the Reinsurer may require to complete its Annual Convention Statement.

7. "Total Insured Value" means the sum of Coverage A, B, C and D on Business Covered as defined in the Business Covered Article.

ARTICLE 7

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects any one excess layer hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

"Term of this Contract" as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, "Term of this Contract" as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 8

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured's Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.

2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.
3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 working days of receipt of the statement from the Reinsured.

ARTICLE 13

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "Confidential Information") are proprietary and confidential to the Reinsured. Confidential Information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;
   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or
   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

   Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.
4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 14

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 15

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.
2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 16

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 17

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 18

FUNDING OF RESERVES

1. The Reinsurer agrees to fund its share of the Reinsured's ceded unearned premium (including, but not limited to, the unearned portion of any deposit premium installment as calculated by the Reinsured) and outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences) by:
   a. Clean, irrevocable and unconditional Letter of Credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of Letters of Credit and acceptable to said insurance regulatory authorities; and/or
   b. Escrow accounts for the benefit of the Reinsured; and/or
   c. Cash advances;

if the Reinsurer:

d. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Reinsured and if, without such funding, a penalty would accrue to the Reinsured on any financial statement it is required to file with the insurance regulatory authorities involved; or

e. Has experienced any of the circumstances described in paragraph (3) of the Term Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

2. With regard to funding in whole or in part by Letters of Credit, it is agreed that each Letter of Credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will involve an "Evergreen Clause," which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Reinsured not less than 30 days prior to said expiration date. The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said Letter of Credit may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

   a. To reimburse itself for the Reinsurers' share of losses and/or Loss Adjustment Expense paid under the terms of Policies reinsured hereunder, unless paid in cash by the Reinsurer;

   b. To reimburse itself for the Reinsurer's share of any other amounts claims to be due hereunder, unless paid in cash by the Reinsurer;

c. To fund a cash account in an amount equal to the Reinsurer's share of any ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported for known Loss Occurrences) funded by means of a Letter of Credit which is under non-renewal notice, if said Letter of Credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

d. To refund to the Reinsurer any sums in excess of the actual amount required to fund the Reinsurer's share of the Reinsured's ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences), if so requested by the Reinsurer; and

e. To reimburse itself for the Reinsurer's portion of the unearned reinsurance premium paid to the Reinsurer hereunder.

In the event the amount drawn by the Reinsured on any Letter of Credit is in excess of the actual amount required for (2a), (2c), or (2e), or in the case of (2b), the actual amount determined to be due, the Reinsured shall promptly return to the Reinsurer the excess amount so drawn.

3. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Reinsured or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Reinsured.

4. At annual intervals, or more frequently at the discretion of the Reinsured, but never more frequently than quarterly, the Reinsured shall prepare a specific statement of the Reinsurer's funding obligations for the sole purpose of amending the Letter of Credit or other method of funding, in the following manner:

   a. If the statement shows that the Reinsurer's funding obligations exceed the balance of the Letter of Credit as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Reinsured of an amendment to the Letter of Credit increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

   b. If, however, the statement shows that the Reinsurer's funding obligations are less than the balance of the Letter of Credit as of the statement date, the Reinsured shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit available by the amount of such excess credit. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, decrease such funding by the amount of such excess.

5. If a Reinsurer fails to fulfill its funding obligation (if any) under this Article, the Reinsured may, at its option, require the Reinsurer to pay, and the Reinsurer agrees to pay, any interest charge on the funding obligation calculated on the last business day of each month as follows:

   a. The number of full days that have expired since the earliest of the applicable following dates:

      i. As respects a Reinsurer that is unauthorized in any state of the United States of America or District of Columbia having jurisdiction over the Reinsured, December 31 of the calendar year in which the funding was required;

      ii. As respects a Reinsurer that has experienced any of the circumstances described in paragraph (3) of the Term Article, the first date such circumstance occurs;

      times:

   b. 1/365ths of the sum of 2% and the U.S. prime rate as quoted in The Wall Street Journal on the first day of the month for which the calculation is made; times

   c. The funding obligation, less the amount, if any, funded by the Reinsurer prior to the applicable date determined in subparagraph (a) above.

   It is agreed that interest shall accumulate until the full interest charge amount as provided for in this paragraph and the funding obligation are paid.

   If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

ARTICLE 19

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 20

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 21

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 22

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 23

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.
2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 24

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.
2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 25

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 26

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 27

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 28

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 29

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 30

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the

Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Service of process in such suit may be made upon Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829. The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit.

4. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 31

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 32

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 33

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 34

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reinsured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

Exhibit 10.18

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

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ATTACHMENTS

Collateral Collection Tables
Nuclear Incident Exclusion Clause - Physical Damage – Reinsurance U.S.A.
Trust Agreement

ARP-HCI-02-AGG-003-13

DOC: July 10, 2013

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of the calendar month.

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured's policy, any amount of loss for which the Reinsured is liable because of such invalidation with not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. The Reinsured shall retain and be liable for the first $7,500,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for 5% of the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed 5% of $61,500,000 as respects any one Loss Occurrence, nor shall it exceed 5% of $61,500,000 as respects all Loss Occurrences commencing during the Term of this Contract.

2. Notwithstanding the provisions above, no claim shall be made hereunder as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes "one risk."

3. It is understood the Reinsured may maintain in force excess reinsurance, recoveries under which shall inure, unless otherwise stated in the Inuring Reinsurance Article, solely to the Reinsured's benefit and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 5

INURING REINSURANCE

1. The Reinsured shall maintain property catastrophe excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:
   a. $3,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $7,000,000; and
   b. $20,000,000 in excess of $11,000,000 any one Loss Occurrence, subject to an annual limit of $40,000,000 and covering hurricane events only; and
   c. $30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $60,000,000; and
   d. $39,000,000 in excess of $61,000,000 any one Loss Occurrence, subject to an annual limit of $39,000,000; and
   e. $85,000,000 in excess of $100,000,000 any one Loss Occurrence, subject to an annual limit of $170,000,000; and
   f. 90% placement of $129,000,000 in excess of $234,000,000 any one Loss Occurrence, subject to an annual limit of $129,000,000.
2. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:
   a. 90% of $486,000,000 excess of $185,000,000;

   The provisional limit and retention above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

   Any loss reimbursement paid or payable to the Reinsured for the mandatory layer provided by the FHCF, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (1) above. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss

reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with this paragraph (2). Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer under any excess layer in any one Loss Occurrence is less than the amount previously paid by the Reinsurer under the excess layer, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer under any excess layer in any one Loss Occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 6

REINSURANCE PREMIUM

1. As respects the reinsurance provided hereunder, the Reinsured shall pay the Reinsurer the greater of the following:
   a. **% of $********** (or a pro rata portion thereof in the event this Contract is terminated); or
   b. .******% of **% of the Reinsured's Total Insured Value as of September 30, 2013 (the "adjusted premium"). However, in the event the difference between the adjusted

premium and the deposit premium is less than or equal to **% of the deposit premium, the premium due hereunder shall be **% of $********. Further, in the event the adjusted premium hereunder is greater than **% of $******** the premium due hereunder shall be equal to the **% of $********* plus the difference between the adjusted premium and **% of $********. Further, in the event the adjusted premium hereunder is less than **% of $*********, the premium due hereunder shall be equal to **% $********** less the difference between **% of $********* and the adjusted premium.

2. The Reinsured shall pay the Reinsurer a deposit premium of $******** on June 1, 2013 and the Adjusted Deposit Installment, defined in paragraph (3) below, on January 1, 2014. No deposit premium installments shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

3. “Adjusted Deposit Installment” as used herein shall mean:

   a. The premium due hereunder, computed in accordance with paragraph (1) above; less

   b. $*********.

4. In the event this Contract is terminated in accordance with the provisions of paragraph (3) of the Term Article, the reinsurance premium due hereunder shall be prorated based on the period of the Reinsurer’s participation hereunder.

5. No later than January 1, 2014 (or as promptly as possible following termination in the event this Contract is terminated prior to January 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) or (4) above (as applicable) and the adjusted deposit installment, computed in accordance with paragraph (3) above. In the event this Contract is terminated prior to January 1, 2014, any additional premium due the Reinsurer or return premium due the Reinsured shall be remitted promptly.

6. The Reinsured shall furnish the Reinsurer with such information as the Reinsurer may require to complete its Annual Convention Statement.

7. “Total Insured Value” means the sum of Coverage A, B, C and D on Business Covered as defined in the Business Covered Article.

ARTICLE 7

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects any one Coverage excess layer or any one Coverage Section hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

"Term of this Contract" as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, "Term of this Contract" as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 8

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

   a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

   b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured's Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 13

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a

market value greater than or equal to $3,075,000 (the “Collateral”) less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Reinsurance Premium Article shall be deposited into the Trust Account.

2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.

3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured’s option in accordance with the provisions of Section 2 of the Trust Agreement.

4. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 14

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:

   a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount (“BLA”).

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/ Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term “Windstorm” shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $7,500,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of 5% of the Presumed Ultimate Net Loss and the limit of 5% of $61,500,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of 5% of $61,500,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer’s payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer.

ARTICLE 15

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as “confidential information”) are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer’s records and/or financial condition;

c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 16

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 17

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 18

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 19

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 20

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 21

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 22

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 23

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 24

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Trust Fund established in accordance with this Contract, and accordingly there shall be no recourse to any other assets of the Blue Water Re Master Fund Ltd., whether or not allocated to any other separate account or the general account of the Blue Water Re Master Fund Ltd. In the event that the proceeds of realization of the assets of the Trust Fund are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer or the Blue Water Re Master Fund Ltd.

2. Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer acts on behalf of one or more separate accounts of the Blue Water Re Master Fund Ltd. and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 25

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.
2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 26

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.
2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 27

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 28

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 29

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 30

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 31

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 32

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 33

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 34

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 35

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 36

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL COLLECTION TABLES

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 - Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col. 8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reinsured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

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Reinsurance Partners, LLC

TRUST AGREEMENT

(copy to be included)

Exhibit 10.19

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

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ARP-HCI-02-AGG-004-13

DOC: May 22, 2013

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur:

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

   c. The Reinsurer fails to adjust the asset balance in the Trust Account according to the provisions of the Collateral Article.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured's policy, any amount of loss for which the Reinsured is liable because of such invalidation with not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. The Reinsured shall retain and be liable for the first $7,500,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for 22% of the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed 22% of $61,500,000 as respects any one Loss Occurrence, nor shall it exceed 22% of $61,500,000 as respects all Loss Occurrences commencing during the Term of this Contract.

2. Notwithstanding the provisions above, no claim shall be made hereunder as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes "one risk."

3. It is understood the Reinsured may maintain in force excess reinsurance, recoveries under which shall inure, unless otherwise stated in the Inuring Reinsurance Article, solely to the Reinsured's benefit and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 5

INURING REINSURANCE

1. The Reinsured shall maintain property catastrophe excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:
   a. $3,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $7,000,000; and
   b. $20,000,000 in excess of $11,000,000 any one Loss Occurrence, subject to an annual limit of $40,000,000 and covering hurricane events only; and
   c. $30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $60,000,000; and
   d. $39,000,000 in excess of $61,000,000 any one Loss Occurrence, subject to an annual limit of $39,000,000; and
   e. $85,000,000 in excess of $100,000,000 any one Loss Occurrence, subject to an annual limit of $170,000,000; and
   f. 90% placement of $129,000,000 in excess of $234,000,000 any one Loss Occurrence, subject to an annual limit of $129,000,000.
2. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:
   a. 90% of $486,000,000 excess of $185,000,000.

   The provisional limit and retention above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

   Any loss reimbursement paid or payable to the Reinsured for the mandatory layer provided by the FHCF, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (1) above. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss

reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with this paragraph (2). Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer under any excess layer in any one Loss Occurrence is less than the amount previously paid by the Reinsurer under the excess layer, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer under any excess layer in any one Loss Occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 6

REINSURANCE PREMIUM

1. As respects the reinsurance provided hereunder, the Reinsured shall pay the Reinsurer a flat premium of $********** on June 1, 2013. In the event this Contract is terminated in accordance with the provisions of paragraph (3) of the Term Article, the reinsurance premium due hereunder shall be prorated based on the period of the Reinsurer's participation hereunder.
2. The Reinsured shall furnish the Reinsurer with such information as the Reinsurer may require to complete its Annual Convention Statement.

ARTICLE 7

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects any one Coverage excess layer or any one Coverage Section hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

"Term of this Contract" as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, "Term of this Contract" as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 8

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured's Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for

the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the

Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 13

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as

Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $10,350,450 (the "Collateral"). It is understood that the flat premium of $3,179,550 shall be deposited into the Trust Account.

2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of the Trust Agreement.
4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall deposit the difference into the Trust Account within 10 business days.
5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 14

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate for each Coverage Section, on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:
   a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount ("BLA").

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/ Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term “Windstorm” shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $7,500,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of 22% of the Presumed Ultimate Net Loss and the limit of 22% of $61,500,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of 22% of $61,500,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at June 1, 2014, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer’s payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer. In the event the calculation indicates additional collateral is required, the Reinsurer will have 10 business days from receipt of the report to deposit the required collateral into the Trust.

ARTICLE 15

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as “confidential information”) are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer’s records and/or financial condition;

c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 16

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 17

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 18

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 19

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 20

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 21

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 22

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 23

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 24

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Reinsurance Trust and accordingly there shall be no recourse to any other assets of the Reinsurer, whether or not allocated to any other segregated portfolio or the general account of the Reinsurer. In the event that the proceeds of realization of the assets of the Reinsurance Trust are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer.
2. Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer is a segregated portfolio (of the Reinsurer) and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of the Bermuda. The Reinsurer has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 25

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 26

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 27

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 28

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 29

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 30

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 31

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 32

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 33

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 34

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 35

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 36

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL CALCULATION TABLES

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 - Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col. 8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reinsured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

Exhibit 10.21

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

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Collateral Collection Tables
Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A.
Trust Agreement

ARP-HCI-02-AGG-006-13

DOC: July 11, 2013

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABLITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

DOC: July 11, 2013

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of the calendar month.

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured's policy, any amount of loss for which the Reinsured is liable because of such invalidation with not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. The Reinsured shall retain and be liable for the first $7,500,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed $45,000,000 as respects any one Loss Occurrence, nor shall it exceed $45,000,000 as respects all Loss Occurrences commencing during the Term of this Contract. For the purposes of this paragraph, Ultimate Net Loss arising out of each Loss Occurrence shall be limited to $850,000,000 net of recoveries from the Florida Hurricane Catastrophe Fund.

2. Notwithstanding the provisions above, no claim shall be made hereunder as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes "one risk."

3. It is understood the Reinsured may maintain in force excess reinsurance, recoveries under which shall inure, unless otherwise stated in the Inuring Reinsurance Article, solely to the Reinsured's benefit and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 5

INURING REINSURANCE

1. The Reinsured shall maintain property catastrophe excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:

   a. 100% of $3,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $7,000,000; and

   b. 100% of $20,000,000 in excess of $11,000,000 any one Loss Occurrence, subject to an annual limit of $40,000,000 and covering hurricane events only; and

   c. 100% of $30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $30,000,000; and

   d. 80% of 30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $30,000,000 and otherwise recoverable of $30,000,000; and

   e. 100% of $39,000,000 in excess of $61,000,000 any one Loss Occurrence, subject to an annual limit of $39,000,000; and

   f. 100% of $85,000,000 in excess of $100,000,000 any one Loss Occurrence, subject to an annual limit of $170,000,000; and

   g. 90% placement of $129,000,000 in excess of $234,000,000 any one Loss Occurrence, subject to an annual limit of $258,000,000; and

   h. 100% of $50,000,000 in excess of $363,000,000 any one Loss Occurrence, subject to an annual limit of $100,000.

   Any loss reimbursement paid or payable to the Reinsured for the reinsurance coverage detailed above, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (2) below.

2. The Reinsured shall maintain catastrophe aggregate excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:

   a. 100% of $61,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $61,500,000; and

   b. 100% of $25,000,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $25,000,000.

3. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000;

   The provisional limit and retention above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

   Any loss reimbursement paid or payable to the Reinsured for the mandatory layer provided by the FHCF, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (1) and (2) above. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

   Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with this paragraph (3). Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer under any excess layer in any one Loss Occurrence is less than the amount previously paid by the Reinsurer under the excess layer, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer under any excess layer in any one Loss Occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the

provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 6

REINSURANCE PREMIUM

1. As respects the reinsurance provided hereunder, the Reinsured shall pay the Reinsurer a flat premium of $******* payable on July 1, 2013.
2. The Reinsured shall furnish the Reinsurer with such information as the Reinsurer may require to complete its Annual Convention Statement.

ARTICLE 7

DEFINITIONS

ULTIMATE NET LOSS

The term "Ultimate Net Loss" as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured's Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects any one Coverage excess layer or any one Coverage Section hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

“Term of this Contract” as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, “Term of this Contract” as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 8

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term “Loss Occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured’s premises by strikers, provided such occupation commenced during the aforesaid period.

    c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured’s Loss Occurrence.

    d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured’s Loss Occurrence.

    e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured’s Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.
3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 13

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $45,000,000 (the "Collateral") less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Reinsurance Premium Article shall be deposited into the Trust Account.

2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.

3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of the Trust Agreement.

4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall promptly deposit the difference into the Trust Account.

5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 14

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:

   a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount ("BLA").

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/ Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term "Windstorm" shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $7,500,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of the Presumed Ultimate Net Loss and the limit of $45,000,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of $45,000,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer. In the event the calculation indicates additional collateral is required, the Reinsurer will have 10 business days from receipt of the report to deposit the required collateral into the Trust.

ARTICLE 15

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as “confidential information”) are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer’s records and/or financial condition;

c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 16

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 17

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 18

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 19

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 20

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 21

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 22

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 23

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 24

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Trust Fund established in accordance with this Contract, and accordingly there shall be no recourse to any other assets of Poseidon Re Ltd, whether or not allocated to any other separate account or the general account of Poseidon Re Ltd. In the event that the proceeds of realization of the assets of the Trust Fund are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer or Poseidon Re Ltd.
2. Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer acts on behalf of one or more separate accounts of Poseidon Re Ltd and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 25

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 26

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 27

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 28

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 29

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 30

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 31

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 32

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 33

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 34

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 35

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 36

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL COLLECTION TABLES

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 - Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col. 8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.
5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.
6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
7. Reinsured to be sole judge of what constitutes:
   (a) substantial quantities, and
   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

(a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

(b) with respect to any risk located in Canada, Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

TRUST AGREEMENT

(copy to be included)

Exhibit 10.23

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT

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Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A.

CATASTROPHE AGGREGATE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur:

   a. The Reinsurer's policyholders' surplus (or its equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Reinsured, has been reduced by 20.0% of the amount of surplus (or the applicable equivalent) at any date during the prior 12-month period (including the 12-month period prior to the inception of this Contract); or

   b. The Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or its Standard & Poor's rating has been assigned or downgraded below BBB+; or

   c. The Reinsurer has become merged with, acquired by or controlled by any other entity or unaffiliated individual(s) not controlling the Reinsurer's operations at the inception of this Contract; or

   d. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   e. The Reinsurer has become insolvent or has been placed into liquidation, receivership, supervision, administration, winding-up or under a scheme of arrangement, or similar proceedings (whether voluntary or involuntary) or proceedings have been instituted against the Reinsurer for the appointment or a receiver, liquidator, rehabilitator, supervisor, administrator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or

   f. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

   g. The Reinsurer has ceased assuming new or renewal property and casualty treaty reinsurance business; or

   h. The Reinsurer has hired an unaffiliated runoff claims manager that is compensated on a contingent basis or is otherwise provided with financial incentives based on the quantum of claims paid.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:
   a. All excess of loss reinsurance assumed by the Reinsured.
   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.
   c. Financial guarantee and insolvency.
   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.
   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.
   f. Nuclear risks as defined in the "Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A." attached to and forming part of this Contract.
   g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.
   h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. The Reinsured shall retain and be liable for the first $7,500,000 of Ultimate Net Loss arising out of each Loss Occurrence. The Reinsurer shall then be liable for the amount by which such Ultimate Net Loss exceeds the Reinsured's retention, but the liability of the Reinsurer shall not exceed $25,000,000 as respects any one Loss Occurrence, nor shall it exceed $25,000,000 as respects all Loss Occurrences commencing during the Term of this Contract. For the purposes of this paragraph, Ultimate Net Loss arising out of each Loss Occurrence shall be limited to $850,000,000.
2. Notwithstanding the provisions above, no claim shall be made hereunder as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes "one risk."
3. It is understood the Reinsured may maintain in force excess reinsurance, recoveries under which shall inure, unless otherwise stated in the Inuring Reinsurance Article, solely to the Reinsured's benefit and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 5

INURING REINSURANCE

1. The Reinsured shall maintain property catastrophe excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:
   a. 100% of $3,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $7,000,000; and
   b. 100% of $20,000,000 in excess of $11,000,000 any one Loss Occurrence, subject to an annual limit of $40,000,000 and covering hurricane events only; and
   c. 100% of $30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $30,000,000; and
   d. 80% of 30,000,000 in excess of $31,000,000 any one Loss Occurrence, subject to an annual limit of $30,000,000 and otherwise recoverable of $30,000,000; and

e. 100% of $39,000,000 in excess of $61,000,000 any one Loss Occurrence, subject to an annual limit of $39,000,000; and

f. 100% of $85,000,000 in excess of $100,000,000 any one Loss Occurrence, subject to an annual limit of $170,000,000; and

g. 90% placement of $129,000,000 in excess of $234,000,000 any one Loss Occurrence, subject to an annual limit of $258,000,000; and

h. 100% of $50,000,000 in excess of $363,000,000 any one Loss Occurrence, subject to an annual limit of $100,000.

Any loss reimbursement paid or payable to the Reinsured for the reinsurance coverage detailed above, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (2) below.

2. The Reinsured shall maintain catastrophe aggregate excess of loss reinsurance, recoveries under which shall inure to the benefit of this Contract, for the following layers:

   a. 100% of $61,500,000 in excess of $7,500,000 any one Loss Occurrence, subject to an annual limit of $61,500,000.

3. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000.

   The provisional limit and retention above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

   Any loss reimbursement paid or payable to the Reinsured for the mandatory layer provided by the FHCF, and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of the layers of inuring reinsurance detailed in paragraph (1) and (2) above. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with this paragraph (3). Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer under any excess layer in any one Loss Occurrence is less than the amount previously paid by the Reinsurer under the excess layer, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer under any excess layer in any one Loss Occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 6

REINSURANCE PREMIUM

1. As respects the reinsurance provided hereunder, the Reinsured shall pay the Reinsurer a flat premium of $*******, payable in installments of $******** on July 1, 2013 and $******** on January 1, 2014.
2. The Reinsured shall furnish the Reinsurer with such information as the Reinsurer may require to complete its Annual Convention Statement.

ARTICLE 7

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects any one excess layer hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

"Term of this Contract" as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, "Term of this Contract" as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 8

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured's Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 working days of receipt of the statement from the Reinsured.

ARTICLE 13

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "Confidential Information") are proprietary and confidential to the Reinsured. Confidential Information shall not include documents, information or data that the Reinsurer can show:
    a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;

b. Have been rightfully received from a third person without obligation of confidentiality; or

c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except:

   a. When required by retrocessionaires subject to the business ceded to this Contract;

   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

   Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 14

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 15

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.
2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 16

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 17

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 18

FUNDING OF RESERVES

1. The Reinsurer agrees to fund its share of the Reinsured's ceded unearned premium (including, but not limited to, the unearned portion of any deposit premium installment as calculated by the Reinsured) and outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences) by:

   a. Clean, irrevocable and unconditional Letter of Credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of Letters of Credit and acceptable to said insurance regulatory authorities; and/or

   b. Escrow accounts for the benefit of the Reinsured; and/or

   c. Cash advances;

   if the Reinsurer:

   d. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Reinsured and if, without such funding, a penalty would accrue to the Reinsured on any financial statement it is required to file with the insurance regulatory authorities involved; or

   e. Has experienced any of the circumstances described in paragraph (3) of the Term Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

   For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

2. With regard to funding in whole or in part by Letters of Credit, it is agreed that each Letter of Credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will involve an “Evergreen Clause,” which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Reinsured not less than 30 days prior to said expiration date. The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said Letter of Credit may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

   a. To reimburse itself for the Reinsurers’ share of losses and/or Loss Adjustment Expense paid under the terms of Policies reinsured hereunder, unless paid in cash by the Reinsurer;

   b. To reimburse itself for the Reinsurer’s share of any other amounts claims to be due hereunder, unless paid in cash by the Reinsurer;

   c. To fund a cash account in an amount equal to the Reinsurer’s share of any ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported for known Loss Occurrences) funded by means of a Letter of Credit which is under non-renewal notice, if said Letter of Credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

   d. To refund to the Reinsurer any sums in excess of the actual amount required to fund the Reinsurer’s share of the Reinsured’s ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences), if so requested by the Reinsurer; and

   e. To reimburse itself for the Reinsurer’s portion of the unearned reinsurance premium paid to the Reinsurer hereunder.

   In the event the amount drawn by the Reinsured on any Letter of Credit is in excess of the actual amount required for (2a), (2c), or (2e), or in the case of (2b), the actual amount determined to be due, the Reinsured shall promptly return to the Reinsurer the excess amount so drawn.

3. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Reinsured or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Reinsured.

4. At annual intervals, or more frequently at the discretion of the Reinsured, but never more frequently than quarterly, the Reinsured shall prepare a specific statement of the Reinsurer's funding obligations for the sole purpose of amending the Letter of Credit or other method of funding, in the following manner:

   a. If the statement shows that the Reinsurer's funding obligations exceed the balance of the Letter of Credit as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Reinsured of an amendment to the Letter of Credit increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

   b. If, however, the statement shows that the Reinsurer's funding obligations are less than the balance of the Letter of Credit as of the statement date, the Reinsured shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit available by the amount of such excess credit. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, decrease such funding by the amount of such excess.

5. If a Reinsurer fails to fulfill its funding obligation (if any) under this Article, the Reinsured may, at its option, require the Reinsurer to pay, and the Reinsurer agrees to pay, any interest charge on the funding obligation calculated on the last business day of each month as follows:

   a. The number of full days that have expired since the earliest of the applicable following dates:

      i. As respects a Reinsurer that is unauthorized in any state of the United States of America or District of Columbia having jurisdiction over the Reinsured, December 31 of the calendar year in which the funding was required;

      ii. As respects a Reinsurer that has experienced any of the circumstances described in paragraph (3) of the Term Article, the first date such circumstance occurs;

times:

b. 1/365ths of the sum of 2% and the U.S. prime rate as quoted in The Wall Street Journal on the first day of the month for which the calculation is made; times

c. The funding obligation, less the amount, if any, funded by the Reinsurer prior to the applicable date determined in subparagraph (a) above.

It is agreed that interest shall accumulate until the full interest charge amount as provided for in this paragraph and the funding obligation are paid.

If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

ARTICLE 19

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 20

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims filed and allowed in the liquidation proceeding,

whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 21

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 22

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 23

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.
2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 24

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing

the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 25

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 26

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms "electronic record," "electronic signature" and "electronic agent" shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 27

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 28

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 29

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 30

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Service of process in such suit may be made upon Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829. The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit.

4. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 31

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 32

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 33

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 34

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reinsured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada, Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

Exhibit 10.25

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

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Schedule A
Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance U.S.A.

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABLITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies'') in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations set forth herein and in Schedule A attached to and forming part of this Contract.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied up to a maximum of 65 days prior to the date of public announcement for subparagraphs (a) through (e) below or upon discovery for subparagraphs (f) through (h) below, subject to the condition that such selected date must be the last day of a calendar month:

   a. The Reinsurer's policyholders' surplus (or its equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Reinsured, has been reduced by 20% of the amount of surplus (or the applicable equivalent) at any date during the prior 12-month period (including the 12-month period prior to the inception of this Contract); or

   b. The Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or its Standard & Poor's rating has been assigned or downgraded below BBB+; or

   c. The Reinsurer has become merged with, acquired by or controlled by any other entity or unaffiliated individual(s) not controlling the Reinsurer's operations at the inception of this Contract; or

   d. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   e. The Reinsurer has become insolvent or has been placed into liquidation, receivership, supervision, administration, winding-up or under a scheme of arrangement, or similar proceedings (whether voluntary or involuntary) or proceedings have been instituted against the Reinsurer for the appointment of a receiver, liquidator, rehabilitator, supervisor, administrator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or

   f. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

g. The Reinsurer has ceased assuming new or renewal property and casualty treaty reinsurance business; or

h. The Reinsurer has hired an unaffiliated runoff claims manager that is compensated on a contingent basis or is otherwise provided with financial incentives based on the quantum of claims paid.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

   f. Nuclear risks as defined in the "Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A." attached to and forming part of this Contract.

   g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

   h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured’s policy, any amount of loss for which the Reinsured is liable because of such invalidation will not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. As respects each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall retain and be liable for the first amount of Ultimate Net Loss, shown as “Reinsured’s Retention” for that excess layer in Schedule A attached hereto, arising out of each Loss Occurrence. The Reinsurer shall then be liable, as respects each excess layer, for the amount by which such Ultimate Net Loss exceeds the Reinsured’s applicable retention, but the liability of the Reinsurer under each excess layer shall not exceed the amount, shown as “Reinsurer’s Per Occurrence Limit” for that excess layer in Schedule A attached hereto, as respects any one Loss Occurrence, nor shall it exceed the amount, shown as “Reinsurer’s Contract Limit” for that excess layer in Schedule A attached hereto as respects all loss or losses arising out of Loss Occurrences commencing during the Term of this Contract.
2. Notwithstanding the provisions above, no claim shall be made under any excess layer as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes “one risk.”

ARTICLE 5

REINSTATEMENT

1. In the event all or any portion of the reinsurance under the second excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so exhausted shall be reinstated immediately from the time the Loss Occurrence commences hereon. For each amount so reinstated the Reinsured agrees to pay additional premium equal to the product of the following:
    a. The percentage of the loss occurrence limit for the second excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times
    b. The adjusted premium for the second excess layer reinstated for the Term of this Contract (exclusive of reinstatement premium), as calculated in accordance with the Rate and Premium Article.

2. Whenever the Reinsured requests payment by the Reinsurer of any loss under the second excess layer hereunder, the Reinsured shall submit a statement to the Reinsurer of reinstatement premium due the Reinsurer for that excess layer. If the adjusted premium for the second excess layer for the Term of this Contract has not been finally determined as of the date of any such statement, the calculation of reinstatement premium due for that excess layer shall be based on the deposit premium for that excess layer and shall be readjusted when the premium for that excess layer for the Term of this Contract has been finally determined. Any reinstatement premium shown to be due the Reinsurer for the second excess layer as reflected by any such statement (less prior payments, if any, for that excess layer) shall be payable by the Reinsured concurrently with payment by the Reinsurer of the requested loss for that excess layer. Any return reinstatement premium shown to be due the Reinsured shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's statement.

3. Notwithstanding anything stated herein, the liability of the Reinsurer under the second excess layer of reinsurance coverage provided by this Contract shall not exceed either of the following:

   a. The amount, shown as "Reinsurer's Per Occurrence Limit" for the second excess layer in Schedule A attached hereto, as respects loss or losses arising out of any one Loss Occurrence; or

   b. The amount, shown as "Reinsurer's Contract Limit" for the second excess layer in Schedule A attached hereto, in all during the Term of this Contract.

ARTICLE 6

FLORIDA HURRICANE CATASTROPHE FUND

1. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000 (mandatory layer).

   The provisional limits and retentions above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

2. Any loss reimbursement paid or payable to the Reinsured for the mandatory coverage layer provided by the FHCF, ("FHCF loss reimbursement") and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of this Contract. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

3. Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with paragraph (2) above. Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer hereunder in any one Loss Occurrence is less than the amount previously paid by the Reinsurer hereunder, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer in any one Loss Occurrence hereunder is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

4. If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 7

RATE AND PREMIUM

1. As premium for each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:

   a. The amount, shown as “Minimum Premium” for that excess layer in Schedule A attached hereto; or

   b. The percentage, shown as “Exposure Rate” for that excess layer in Schedule A attached hereto, of the Reinsured’s Total Insured Value as of September 30, 2013 (the “adjusted premium”), subject to the provisions of paragraph (5) below.

2. “Total Insured Value” means the sum of Coverage A, B, C and D for Business Covered as defined in the Business Covered Article.

3. The Reinsured shall pay the Reinsurer a deposit premium for each excess layer of the amount, shown as “Deposit Premium” for that excess layer in Schedule A attached hereto, payable in installment amounts and at the dates set forth in the “Deposit Payment Schedule” for each excess layer in Schedule A attached hereto. No deposit premium installments shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

4. As respects any excess layer hereunder, if the Reinsured elects to reduce or terminate a Reinsurer’s participation percentage in accordance with paragraph (3) of the Term Article, the “Minimum Premium” as respects such excess layer shall not apply. Further, the adjusted premium as otherwise determined in accordance with the provisions of subparagraph (b) of paragraph (1) above as respects each excess layer shall be replaced with the following:

   a. In the event a loss occurs prior to the effective date of reduction or termination and the Reinsurer’s liability for such Loss Occurrence exceeds the “Deposit Premium” for such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the “Deposit Premium” for such excess layer times the ratio the loss recoverable under such excess layer bears to the “Reinsurer’s Per Occurrence Limit” for such excess layer.

   b. In the event no loss occurs prior to the effective date of reduction or termination or a loss occurs whereby the Reinsurer’s liability for such Loss Occurrence is less than the “Deposit Premium” applicable to such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the pro rata portion of the reinsurance premium otherwise due hereunder for such excess layer based on the proportion the Term of this Contract bears to the original 12-month term of this Contract.

5. No later than April 1, 2014 (or the effective date of termination in the event this Contract is terminated prior to April 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due under each excess layer hereunder, computed in accordance with paragraph (1) or (4) (as applicable) above, and any amounts due either party shall be remitted promptly. However, no return premium shall be due the Reinsured or additional premium due the Reinsurer as respects any excess layer hereunder unless the difference between the adjusted premium for such excess layer and the "Deposit Premium" for such excess layer is greater than 5%. In the event the adjusted premium for any excess layer hereunder is greater than the "Deposit Premium" for such excess layer by more than 5%, the premium due hereunder for such excess layer shall be equal to the deposit premium for such excess layer plus the difference between the adjusted premium for such excess layer and 105% of the deposit premium for such excess layer. Further, in the event the adjusted premium for any excess layer hereunder is less than the deposit premium for such excess layer by more than 5%, the premium due hereunder for such excess layer shall be equal to the "Deposit Premium" for such excess layer less the difference between 95% of the deposit premium for such excess layer and the adjusted premium for such excess layer.

ARTICLE 8

DEFINITIONS

ULTIMATE NET LOSS

The term "Ultimate Net Loss" as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured's Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean 100% of any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean 100% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects each excess layer hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees

and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured's officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured's employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term "Declaratory Judgment Expense" as used herein shall be defined as the Reinsured's own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured's defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

"Term of this Contract" as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, "Term of this Contract" as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 9

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured's Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 10

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 11

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 12

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party

may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.

2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 13

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 14

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "confidential information") are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;
   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 15

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 16

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 17

ERROR AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 18

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 19

FUNDING OF RESERVES

1. The Reinsurer agrees to fund its share of the Reinsured's ceded unearned premium (including, but not limited to, the unearned portion of any deposit premium installment as calculated by the Reinsured) and outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences) by:
    a. Clean, irrevocable and unconditional Letter of Credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of Letters of Credit and acceptable to said insurance regulatory authorities; and/or
    b. Escrow accounts for the benefit of the Reinsured; and/or
    c. Cash advances;

if the Reinsurer:

a. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Reinsured and if, without such funding, a penalty would accrue to the Reinsured on any financial statement it is required to file with the insurance regulatory authorities involved; or

b. Has experienced any of the circumstances described in paragraph (3) of the Term Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

2. With regard to funding in whole or in part by Letters of Credit, it is agreed that each Letter of Credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will involve an "Evergreen Clause," which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Reinsured not less than 30 days prior to said expiration date. The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said Letter of Credit may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

   a. To reimburse itself for the Reinsurers' share of losses and/or Loss Adjustment Expense paid under the terms of Policies reinsured hereunder, unless paid in cash by the Reinsurer;

   b. To reimburse itself for the Reinsurer's share of any other amounts claims to be due hereunder, unless paid in cash by the Reinsurer;

   c. To fund a cash account in an amount equal to the Reinsurer's share of any ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported for known Loss Occurrences) funded by means of a Letter of Credit which is under non-renewal notice, if said Letter of Credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

d. To refund to the Reinsurer any sums in excess of the actual amount required to fund the Reinsurer's share of the Reinsured's ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences), if so requested by the Reinsurer; and

e. To reimburse itself for the Reinsurer's portion of the unearned reinsurance premium paid to the Reinsurer hereunder.

In the event the amount drawn by the Reinsured on any Letter of Credit is in excess of the actual amount required for (2a), (2c), or (2e), or in the case of (2b), the actual amount determined to be due, the Reinsured shall promptly return to the Reinsurer the excess amount so drawn.

3. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Reinsured or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Reinsured.

4. At annual intervals, or more frequently at the discretion of the Reinsured, but never more frequently than quarterly, the Reinsured shall prepare a specific statement of the Reinsurer's funding obligations for the sole purpose of amending the Letter of Credit or other method of funding, in the following manner:

   a. If the statement shows that the Reinsurer's funding obligations exceed the balance of the Letter of Credit as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Reinsured of an amendment to the Letter of Credit increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

   b. If, however, the statement shows that the Reinsurer's funding obligations are less than the balance of the Letter of Credit as of the statement date, the Reinsured shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit available by the amount of such excess credit. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, decrease such funding by the amount of such excess.

5. If a Reinsurer fails to fulfill its funding obligation (if any) under this Article, the Reinsured may, at its option, require the Reinsurer to pay, and the Reinsurer agrees to pay, any interest charge on the funding obligation calculated on the last business day of each month as follows:

   a. The number of full days that have expired since the earliest of the applicable following dates:

      i. As respects a Reinsurer that is unauthorized in any state of the United States of America or District of Columbia having jurisdiction over the Reinsured, December 31 of the calendar year in which the funding was required;

      ii. As respects a Reinsurer that has experienced any of the circumstances described in paragraph (3) of the Term Article, the first date such circumstance occurs;

      times:

   b. 1/365ths of the sum of 2% and the U.S. prime rate as quoted in The Wall Street Journal on the first day of the month for which the calculation is made; times

   c. The funding obligation, less the amount, if any, funded by the Reinsurer prior to the applicable date determined in subparagraph (a) above.

   It is agreed that interest shall accumulate until the full interest charge amount as provided for in this paragraph and the funding obligation are paid.

   If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

ARTICLE 20

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 21

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct

insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 22

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 23

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 24

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.
2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 25

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.
2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 26

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 27

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;

b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or

c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.

3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 28

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 29

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 30

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the

Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 31

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 32

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 33

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 34

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 35

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

SCHEDULE A

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

	Excess Layer 1	Excess Layer 2	Excess Layer 3
Reinsured's Retention	$61,000,000	$100,000,000	$234,000,000
Reinsurer's Per Occurrence Limit	$39,000,000	$ 85,000,000	$129,000,000
Reinsurer's Contract Limit	$39,000,000	$170,000,000	$129,000,000
Exposure Rate	****%	****%	****%
Minimum Premium	$ *******	$ *******	$ *******
Deposit Premium	$ *******	$ *******	$ *******
Deposit Payment Schedule:			
Installment Due June 1, 2013	$ *******	$ *******	$ ********
Installment Due September 1, 2013	$ ******	$ ********	$ ********
Installment Due January 1, 2014	$ *******	$ *******	$ ********
Installment Due April 1, 2014	$ *******	$ *******	$ *******

* *plus applicable adjustment per Rate and Premium Article*

All figures listed above are at 100% for each excess layer and shall apply to each Reinsurer in the percentage share for that excess layer expressed in its Interests and Liabilities Agreement attached hereto. The total placement of Excess Layer 3 shall equal 90%.

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.
5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.
6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
7. Reinsured to be sole judge of what constitutes:
   (a) substantial quantities, and
   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

(a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

(b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

Exhibit 10.26

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

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CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies") in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations set forth herein and in Schedule A attached to and forming part of this Contract.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of a calendar month.

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause - Physical Damage -Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured’s policy, any amount of loss for which the Reinsured is liable because of such invalidation will not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. As respects each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall retain and be liable for the first amount of Ultimate Net Loss, shown as “Reinsured’s Retention” for that excess layer in Schedule A attached hereto, arising out of each Loss Occurrence. The Reinsurer shall then be liable, as respects each excess layer, for the amount by which such Ultimate Net Loss exceeds the Reinsured’s applicable retention, but the liability of the Reinsurer under each excess layer shall not exceed the amount, shown as “Reinsurer’s Per Occurrence Limit” for that excess layer in Schedule A attached hereto, as respects any one Loss Occurrence, nor shall it exceed the amount, shown as “Reinsurer’s Contract Limit” for that excess layer in Schedule A attached hereto as respects all loss or losses arising out of Loss Occurrences commencing during the Term of this Contract.
2. Notwithstanding the provisions above, no claim shall be made under any excess layer as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes “one risk.”

ARTICLE 5

REINSTATEMENT

1. In the event all or any portion of the reinsurance under the second excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so

exhausted shall be reinstated immediately from the time the Loss Occurrence commences hereon. For each amount so reinstated the Reinsured agrees to pay additional premium equal to the product of the following:

a. The percentage of the loss occurrence limit for the second excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

b. The adjusted premium for the second excess layer reinstated for the Term of this Contract (exclusive of reinstatement premium), as calculated in accordance with the Rate and Premium Article.

2. Whenever the Reinsured requests payment by the Reinsurer of any loss under the second excess layer hereunder, the Reinsured shall submit a statement to the Reinsurer of reinstatement premium due the Reinsurer for that excess layer. If the adjusted premium for the second excess layer for the Term of this Contract has not been finally determined as of the date of any such statement, the calculation of reinstatement premium due for that excess layer shall be based on the deposit premium for that excess layer and shall be readjusted when the premium for that excess layer for the Term of this Contract has been finally determined. Any reinstatement premium shown to be due the Reinsurer for the second excess layer as reflected by any such statement (less prior payments, if any, for that excess layer) shall be payable by the Reinsured concurrently with payment by the Reinsurer of the requested loss for that excess layer. Any return reinstatement premium shown to be due the Reinsured shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's statement.

3. Notwithstanding anything stated herein, the liability of the Reinsurer under the second excess layer of reinsurance coverage provided by this Contract shall not exceed either of the following:

a. The amount, shown as "Reinsurer's Per Occurrence Limit" for the second excess layer in Schedule A attached hereto, as respects loss or losses arising out of any one Loss Occurrence; or

b. The amount, shown as "Reinsurer's Contract Limit" for the second excess layer in Schedule A attached hereto, in all during the Term of this Contract.

ARTICLE 6

FLORIDA HURRICANE CATASTROPHE FUND

1. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000 (mandatory layer).

   The provisional limits and retentions above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

2. Any loss reimbursement paid or payable to the Reinsured for the mandatory coverage layer provided by the FHCF, ("FHCF loss reimbursement") and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of this Contract. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

3. Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with paragraph (2) above. Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer hereunder in any one Loss Occurrence is less than the amount previously paid by the Reinsurer hereunder, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer in any one Loss Occurrence hereunder is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

4. If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 7

RATE AND PREMIUM

1. As premium for each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:
   a. The amount, shown as "Minimum Premium" for that excess layer in Schedule A attached hereto; or
   b. The percentage, shown as "Exposure Rate" for that excess layer in Schedule A attached hereto, of 15% of the Reinsured's Total Insured Value as of September 30, 2013 (the "adjusted premium"), subject to the provisions of paragraph (5) below.
2. "Total Insured Value" means the sum of Coverage A, B, C and D for Business Covered as defined in the Business Covered Article.
3. The Reinsured shall pay the Reinsurer a deposit premium for each excess layer of the amount, shown as "Deposit Premium" for that excess layer in Schedule A attached hereto, payable in installment amounts and at the dates set forth in in the "Deposit Payment Schedule" for each excess layer in Schedule A attached hereto. No deposit premium installments shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

4. As respects any excess layer hereunder, if the Reinsured elects to reduce or terminate a Reinsurer's participation percentage in accordance with paragraph (3) of the Term Article, the "Minimum Premium" as respects such excess layer shall not apply. Further, the adjusted premium as otherwise determined in accordance with the provisions of subparagraph (b) of paragraph (1) above as respects each excess layer shall be replaced with the following:

   a. In the event a loss occurs prior to the effective date of reduction or termination and the Reinsurer's liability for such Loss Occurrence exceeds the "Deposit Premium" for such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the "Deposit Premium" for such excess layer times the ratio the loss recoverable under such excess layer bears to the "Reinsurer's Per Occurrence Limit" for such excess layer.

   b. In the event no loss occurs prior to the effective date of reduction or termination or a loss occurs whereby the Reinsurer's liability for such Loss Occurrence is less than the "Deposit Premium" applicable to such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the pro rata portion of the reinsurance premium otherwise due hereunder for such excess layer based on the proportion the Term of this Contract bears to the original 12-month term of this Contract.

5. No later than January 1, 2014 (or the effective date of termination in the event this Contract is terminated prior to January 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due under each excess layer hereunder, computed in accordance with paragraph (1) or (4) (as applicable) above, and any amounts due either party shall be remitted promptly. However, no return premium shall be due the Reinsured or additional premium due the Reinsurer as respects any excess layer hereunder unless the difference between the adjusted premium for such excess layer and the "Deposit Premium" for such excess layer is greater than 5%. In the event the adjusted premium for any excess layer hereunder is greater than the "Deposit Premium" for such excess layer by more than 5%, the premium due hereunder for such excess layer shall be equal to the deposit premium for such excess layer plus the difference between the adjusted premium for such excess layer and 105% of the deposit premium for such excess layer. Further, in the event the adjusted premium for any excess layer hereunder is less than the deposit premium for such excess layer by more than 5%, the premium due hereunder for such excess layer shall be equal to the "Deposit Premium" for such excess layer less the difference between 95% of the deposit premium for such excess layer and the adjusted premium for such excess layer.

ARTICLE 8

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean 100% of any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean 100% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects each excess layer hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

“Term of this Contract” as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However,

if this Contract is terminated, “Term of this Contract” as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 9

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term “Loss Occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured’s premises by strikers, provided such occupation commenced during the aforesaid period.

    c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured’s Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 10

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 11

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 12

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 13

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 14

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $5,850,000 (the "Collateral") less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Rate and Premium Article shall be deposited into the Trust Account.

2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of Section 5 of the Trust Agreement.
4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall promptly deposit the difference into the Trust Account.
5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 15

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:
    a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount ("BLA").

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/ Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term “Windstorm” shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $61,000,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of 15% of the Presumed Ultimate Net Loss and the limit of 15% of $39,000,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of 15% of $39,000,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer’s payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer. In the event the calculation indicates additional collateral is required, the Reinsurer will have 10 business days from receipt of the report to deposit the required collateral into the Trust.

ARTICLE 16

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as “confidential information”) are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer’s records and/or financial condition;

c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 17

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 18

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 19

ERROR AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 20

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 21

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 22

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 23

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 24

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 25

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The Reinsured understands and accepts that Aeolus Re Ltd. is registered as a segregated account company under the Bermuda Segregated Accounts Companies Act 2000 and that the Reinsurers include the segregated accounts of Aeolus Re Ltd. listed in Schedule B.
2. For purposes of this Article, each of such segregated accounts is individually referred to as a "SAC Reinsurer" and collectively as the "SAC Reinsurers". All corporate matters relating to the creation of the SAC Reinsurers, including, but not limited to, the capacity of the SAC Reinsurers, the segregated nature of the SAC Reinsurers and Aeolus Re Ltd., and the operation and liquidation of the SAC Reinsurers, will be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured acknowledges that each of the SAC Reinsurers has written and/or will write other reinsurance or retrocession policies and that the assets and liabilities attributable to each such contract shall be linked to the SAC Reinsurer writing such contract. Accordingly, each SAC Reinsurer (*i.e.*, segregated account) will have assets and liabilities relating to a multiple of reinsurance contracts. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with each of the SAC Reinsurers.
3. Notwithstanding any other provision of this Contract to the contrary, the liability of each SAC Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together the "SAC Obligations") will be limited to and payable solely from the assets linked to that SAC Reinsurer. Accordingly there will be no recourse to any other assets of Aeolus Re Ltd. (including, for the avoidance of doubt,

any assets linked to any other segregated account of Aeolus Re Ltd. or to its general account). In the event that the assets linked to a SAC Reinsurer are insufficient to meet all of its SAC Obligations, any SAC Obligations remaining after the application of such assets linked to such SAC Reinsurer will be extinguished, and the Reinsured undertakes in such circumstances to take no further action against such SAC Reinsurer, Aeolus Re Ltd. or any other segregated accounts of Aeolus Re Ltd. in respect of any such SAC Obligations. In particular, neither the Reinsured nor any party acting on its behalf will petition or take any steps for the winding up or receivership of a SAC Reinsurer, Aeolus Re Ltd., or any other segregated account of Aeolus Re Ltd.

4. The Reinsured also understands and accepts that the Reinsurers include one special purpose insurer, which is licensed under the Bermuda Insurance Act 1978 and identified in Schedule I hereto (for purposes of this Article, the "SPI Reinsurer"). Notwithstanding any other provision of this Contract to the contrary, the liability of such SPI Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together the "SPI Obligations") will be limited to and payable solely from its own assets. The Reinsured acknowledges that the SPI Reinsurer has written and/or will write other reinsurance or retrocession policies and that the assets and liabilities attributable to each such contract will form the assets and liabilities of such SPI Reinsurer under those contracts. Accordingly, the SPI Reinsurer will have assets and liabilities relating to a multiple of reinsurance contracts. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the SPI Reinsurer. In the event that the assets available to a SPI Reinsurer are insufficient to meet all of its SPI Obligations, any SPI Obligations remaining after the application of such assets available to such SPI Reinsurer will be extinguished, and the Reinsured undertakes in such circumstances to take no further action against such SPI Reinsurer in respect of any of its remaining SPI Obligations. In particular, neither the Reinsured nor any party acting on its behalf will petition or take any steps for the liquidation, winding up or receivership of the SPI Reinsurer.

5. This Limited Recourse and Bermuda Regulations Article shall survive termination of this Reinsurance Agreement.

ARTICLE 26

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 27

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 28

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 29

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 30

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due

from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 31

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 32

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 33

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.
3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 34

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 35

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 36

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 37

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

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Reinsurance Partners, LLC

SCHEDULE A

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

	Excess Layer 1	Excess Layer 2	Excess Layer 3
Reinsured's Retention	$61,000,000	$100,000,000	$234,000,000
Reinsurer's Per Occurrence Limit	15% of $39,000,000	$85,000,000	$129,000,000
Reinsurer's Contract Limit	15% of $39,000,000	$170,000,000	$129,000,000
Exposure Rate	****%	*****%	*****%
Minimum Premium	**% of $********		
Deposit Premium	**% of $********		
Deposit Payment Schedule:			
Installment Due June 1, 2013	**% of $********		
Installment Due January 1, 2014	**% of $********		

* *plus applicable adjustment per Rate and Premium Article*

The figures listed above for each excess layer shall apply to each Reinsurer in the percentage share for that excess layer expressed in its Interests and Liabilities Agreement attached hereto.

SCHEDULE B

Listing of Segregated Accounts

AEOLUS RE Ltd. in respect of its:

UNDERWRITING SEGREGATED ACCOUNT
KEYSTONE SEGREGATED ACCOUNT
HOTORU RE SEGREGATED ACCOUNT
QVT V SEGREGATED ACCOUNT

Listing of SPIs

PENDULUM RE II LTD.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL COLLECTION TABLE

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 - Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col. 8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reinsured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

TRUST AGREEMENT

(copy to be included)

Exhibit 10.41

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

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CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABLITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies'') in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations set forth herein and in Schedule A attached to and forming part of this Contract.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of a calendar month.

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause - Physical Damage -Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured’s policy, any amount of loss for which the Reinsured is liable because of such invalidation will not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. As respects each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall retain and be liable for the first amount of Ultimate Net Loss, shown as “Reinsured’s Retention” for that excess layer in Schedule A attached hereto, arising out of each Loss Occurrence. The Reinsurer shall then be liable, as respects each excess layer, for the amount by which such Ultimate Net Loss exceeds the Reinsured’s applicable retention, but the liability of the Reinsurer under each excess layer shall not exceed the amount, shown as “Reinsurer’s Per Occurrence Limit” for that excess layer in Schedule A attached hereto, as respects any one Loss Occurrence, nor shall it exceed the amount, shown as “Reinsurer’s Contract Limit” for that excess layer in Schedule A attached hereto as respects all loss or losses arising out of Loss Occurrences commencing during the Term of this Contract.
2. Notwithstanding the provisions above, no claim shall be made under any excess layer as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes “one risk.”

ARTICLE 5

REINSTATEMENT

1. In the event all or any portion of the reinsurance under the second excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so

exhausted shall be reinstated immediately from the time the Loss Occurrence commences hereon. For each amount so reinstated the Reinsured agrees to pay additional premium equal to the product of the following:

a. The percentage of the loss occurrence limit for the second excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

b. The adjusted premium for the second excess layer reinstated for the Term of this Contract (exclusive of reinstatement premium), as calculated in accordance with the Rate and Premium Article.

2. Whenever the Reinsured requests payment by the Reinsurer of any loss under the second excess layer hereunder, the Reinsured shall submit a statement to the Reinsurer of reinstatement premium due the Reinsurer for that excess layer. If the adjusted premium for the second excess layer for the Term of this Contract has not been finally determined as of the date of any such statement, the calculation of reinstatement premium due for that excess layer shall be based on the deposit premium for that excess layer and shall be readjusted when the premium for that excess layer for the Term of this Contract has been finally determined. Any reinstatement premium shown to be due the Reinsurer for the second excess layer as reflected by any such statement (less prior payments, if any, for that excess layer) shall be payable by the Reinsured concurrently with payment by the Reinsurer of the requested loss for that excess layer. Any return reinstatement premium shown to be due the Reinsured shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's statement.

3. Notwithstanding anything stated herein, the liability of the Reinsurer under the second excess layer of reinsurance coverage provided by this Contract shall not exceed either of the following:

a. The amount, shown as "Reinsurer's Per Occurrence Limit" for the second excess layer in Schedule A attached hereto, as respects loss or losses arising out of any one Loss Occurrence; or

b. The amount, shown as "Reinsurer's Contract Limit" for the second excess layer in Schedule A attached hereto, in all during the Term of this Contract.

ARTICLE 6

FLORIDA HURRICANE CATASTROPHE FUND

1. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000 (mandatory layer).

   The provisional limits and retentions above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

2. Any loss reimbursement paid or payable to the Reinsured for the mandatory coverage layer provided by the FHCF, ("FHCF loss reimbursement") and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of this Contract. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

3. Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with paragraph (2) above. Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer hereunder in any one Loss Occurrence is less than the amount previously paid by the Reinsurer hereunder, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer in any one Loss Occurrence hereunder is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

4. If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 7

RATE AND PREMIUM

1. As premium for each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:
   a. The amount, shown as "Minimum Premium" for that excess layer in Schedule A attached hereto; or
   b. The percentage, shown as "Exposure Rate" for that excess layer in Schedule A attached hereto, of 4% of the Reinsured's Total Insured Value as of September 30, 2013 (the "adjusted premium"), subject to the provisions of paragraph (5) below.
2. "Total Insured Value" means the sum of Coverage A, B, C and D for Business Covered as defined in the Business Covered Article.
3. The Reinsured shall pay the Reinsurer a deposit premium for each excess layer of the amount, shown as "Deposit Premium" for that excess layer in Schedule A attached hereto, payable in installment amounts and at the dates set forth in in the "Deposit Payment Schedule" for each excess layer in Schedule A attached hereto. No deposit premium installments shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

4. As respects any excess layer hereunder, if the Reinsured elects to reduce or terminate a Reinsurer's participation percentage in accordance with paragraph (3) of the Term Article, the "Minimum Premium" as respects such excess layer shall not apply. Further, the adjusted premium as otherwise determined in accordance with the provisions of subparagraph (b) of paragraph (1) above as respects each excess layer shall be replaced with the following:

   a. In the event a loss occurs prior to the effective date of reduction or termination and the Reinsurer's liability for such Loss Occurrence exceeds the "Deposit Premium" for such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the "Deposit Premium" for such excess layer times the ratio the loss recoverable under such excess layer bears to the "Reinsurer's Per Occurrence Limit" for such excess layer.

   b. In the event no loss occurs prior to the effective date of reduction or termination or a loss occurs whereby the Reinsurer's liability for such Loss Occurrence is less than the "Deposit Premium" applicable to such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the pro rata portion of the reinsurance premium otherwise due hereunder for such excess layer based on the proportion the Term of this Contract bears to the original 12-month term of this Contract.

5. No later than January 1, 2014 (or the effective date of termination in the event this Contract is terminated prior to January 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due under each excess layer hereunder, computed in accordance with paragraph (1) or (4) (as applicable) above, and any amounts due either party shall be remitted promptly. However, no return premium shall be due the Reinsured or additional premium due the Reinsurer as respects any excess layer hereunder unless the difference between the adjusted premium for such excess layer and the "Deposit Premium" for such excess layer is greater than 5%. In the event the adjusted premium for any excess layer hereunder is greater than the "Deposit Premium" for such excess layer by more than 5%, the premium due hereunder for such excess layer shall be equal to the deposit premium for such excess layer plus the difference between the adjusted premium for such excess layer and 105% of the deposit premium for such excess layer. Further, in the event the adjusted premium for any excess layer hereunder is less than the deposit premium for such excess layer by more than 5%, the premium due hereunder for such excess layer shall be equal to the "Deposit Premium" for such excess layer less the difference between 95% of the deposit premium for such excess layer and the adjusted premium for such excess layer.

ARTICLE 8

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean 100% of any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean 100% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects each excess layer hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

“Term of this Contract” as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However,

if this Contract is terminated, “Term of this Contract” as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 9

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term “Loss Occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured’s premises by strikers, provided such occupation commenced during the aforesaid period.

    c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured’s Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 10

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 11

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 12

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 13

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 14

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $1,560,000 (the "Collateral") less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Rate and Premium Article shall be deposited into the Trust Account.

2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of Section 2 of the Trust Agreement.
4. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 15

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:
   a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount ("BLA").

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/ Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term “Windstorm” shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $61,000,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of 4% of the Presumed Ultimate Net Loss and the limit of 4% of $39,000,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of 4% of $39,000,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer’s payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer.

ARTICLE 16

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as “confidential information”) are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer’s records and/or financial condition;
   c. When required by external auditors performing an audit of the Reinsurer’s records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 17

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 18

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 19

ERROR AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 20

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 21

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 22

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability

of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 23

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 24

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 25

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Trust Fund established in accordance with this Contract, and accordingly there shall be no recourse to any other assets of the Blue Water Re Master Fund Ltd., whether or not allocated to any other separate account or the general account of the Blue Water Re Master Fund Ltd. In the event that the proceeds of realization of the assets of the Trust Fund are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer or the Blue Water Re Master Fund Ltd.
2. Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer acts on behalf of one or more separate accounts of the Blue Water Re Master Fund Ltd. and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 26

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 27

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 28

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 29

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 30

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due

from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 31

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 32

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 33

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.
3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 34

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 35

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 36

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 37

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

SCHEDULE A

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

	Excess Layer 1	Excess Layer 2	Excess Layer 3
Reinsured's Retention	$61,000,000	$100,000,000	$234,000,000
Reinsurer's Per Occurrence Limit	4% of $39,000,000	$85,000,000	$129,000,000
Reinsurer's Contract Limit	4% of $39,000,000	$170,000,000	$129,000,000
Exposure Rate	****%	****%	****%
Minimum Premium	**% of $********		
Deposit Premium	**% of $********		
Deposit Payment Schedule:			
Installment Due June 1, 2013	**% of $*******		
Installment Due January 1, 2014	**% of $****** *		

* *plus applicable adjustment per Rate and Premium Article*

The figures listed above for each excess layer shall apply to each Reinsurer in the percentage share for that excess layer expressed in its Interests and Liabilities Agreement attached hereto.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL COLLECTION TABLE

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 - Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col.8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reinsured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

TRUST AGREEMENT

(copy to be included)

Exhibit 10.42

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

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CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies'') in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations set forth herein and in Schedule A attached to and forming part of this Contract.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur:

   a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

   c. The Reinsurer fails to adjust the asset balance in the Trust Account according to the provisions of the Collateral Article.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

f. Nuclear risks as defined in the “Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance U.S.A.” attached to and forming part of this Contract.

g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured’s policy, any amount of loss for which the Reinsured is liable because of such invalidation will not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. As respects each excess layer of reinsurance coverage provided by this Contract, the Reinsured shall retain and be liable for the first amount of Ultimate Net Loss, shown as “Reinsured’s Retention” for that excess layer in Schedule A attached hereto, arising out of each Loss Occurrence. The Reinsurer shall then be liable, as respects each excess layer, for the amount by which such Ultimate Net Loss exceeds the Reinsured’s applicable retention, but the liability of the Reinsurer under each excess layer shall not exceed the amount, shown as “Reinsurer’s Per Occurrence Limit” for that excess layer in Schedule A attached hereto, as respects any one Loss Occurrence, nor shall it exceed the amount, shown as “Reinsurer’s Contract Limit” for that excess layer in Schedule A attached hereto as respects all loss or losses arising out of Loss Occurrences commencing during the Term of this Contract.
2. Notwithstanding the provisions above, no claim shall be made under any excess layer as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes “one risk.”

ARTICLE 5

REINSTATEMENT

1. In the event all or any portion of the reinsurance under the second excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so

exhausted shall be reinstated immediately from the time the Loss Occurrence commences hereon. For each amount so reinstated the Reinsured agrees to pay additional premium equal to the product of the following:

a. The percentage of the loss occurrence limit for the second excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

b. The Flat Premium for the second excess layer reinstated for the Term of this Contract (exclusive of reinstatement premium).

2. Whenever the Reinsured requests payment by the Reinsurer of any loss under the second excess layer hereunder, the Reinsured shall submit a statement to the Reinsurer of reinstatement premium due the Reinsurer for that excess layer. Any reinstatement premium shown to be due the Reinsurer for the second excess layer as reflected by any such statement (less prior payments, if any, for that excess layer) shall be payable by the Reinsured concurrently with payment by the Reinsurer of the requested loss for that excess layer. Any return reinstatement premium shown to be due the Reinsured shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's statement.

3. Notwithstanding anything stated herein, the liability of the Reinsurer under the second excess layer of reinsurance coverage provided by this Contract shall not exceed either of the following:

a. The amount, shown as "Reinsurer's Per Occurrence Limit" for the second excess layer in Schedule A attached hereto, as respects loss or losses arising out of any one Loss Occurrence; or

b. The amount, shown as "Reinsurer's Contract Limit" for the second excess layer in Schedule A attached hereto, in all during the Term of this Contract.

ARTICLE 6

FLORIDA HURRICANE CATASTROPHE FUND

1. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

a. 90% of $486,000,000 excess of $185,000,000 (mandatory layer).

The provisional limits and retentions above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

2. Any loss reimbursement paid or payable to the Reinsured for the mandatory coverage layer provided by the FHCF, ("FHCF loss reimbursement") and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of this Contract. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

3. Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with paragraph (2) above. Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer hereunder in any one Loss Occurrence is less than the amount previously paid by the Reinsurer hereunder, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer in any one Loss Occurrence hereunder is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

4. If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 7

RATE AND PREMIUM

1. The Reinsured shall pay the Reinsurer a flat premium for each excess layer of the amount, shown as “Flat Premium” for that excess layer in Schedule A attached hereto, payable in the amount and at the date set forth in the “Flat Premium Payment Schedule” for each excess layer in Schedule A attached hereto.
2. As respects any excess layer hereunder, if the Reinsured elects to reduce or terminate a Reinsurer’s participation percentage in accordance with paragraph (3) of the Term Article, the following shall apply:
   a. In the event a loss occurs prior to the effective date of reduction or termination and the Reinsurer’s liability for such Loss Occurrence exceeds the “Flat Premium” for such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the “Flat Premium” for such excess layer times the ratio the loss recoverable under such excess layer bears to the “Reinsurer’s Per Occurrence Limit” for such excess layer.
   b. In the event no loss occurs prior to the effective date of reduction or termination or a loss occurs whereby the Reinsurer’s liability for such Loss Occurrence is less than the “Flat Premium” applicable to such excess layer, the reinsurance premium for the Term of this Contract for such excess layer shall equal the pro rata portion of the reinsurance premium otherwise due hereunder for such excess layer based on the proportion the Term of this Contract bears to the original 12-month term of this Contract.

ARTICLE 8

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean 100% of any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean 100% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence as respects each excess layer hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

“Term of this Contract” as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However, if this Contract is terminated, “Term of this Contract” as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 9

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term “Loss Occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

   a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

   b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured’s premises by strikers, provided such occupation commenced during the aforesaid period.

   c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured’s Loss Occurrence.

   d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured’s Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 10

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 11

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 12

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.
3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 13

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 14

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $4,842,337.50 (the "Collateral"). It is understood that the flat premium of $2,665,162.50 shall be deposited into the Trust Account.
2. The Reinsured agrees that if the Reinsurer makes indemnity payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of the Trust Agreement.

4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall deposit the difference into the Trust Account within 10 business days.

5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 15

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate for each Coverage Section, on a monthly basis, how much, if any, of the collateral shall be released from the Trust, as follows:

   a. For each potentially covered Loss Occurrence, the Reinsured shall multiply the Loss Amount (being equal to the sum of losses and Loss Adjustment Expenses paid plus reserves for losses and Loss Adjustment Expense outstanding plus reserves for losses incurred but not yet reported) by the appropriate Buffer Loss Factor from the table below, based upon the type of Loss Occurrence and the number of months which have elapsed since the event. The product of this calculation shall be defined as the Buffered Loss Amount ("BLA").

Buffer Loss Factor Table

Number of Calendar Months Since Date of Loss Occurrence	Windstorm*/Brushfire	Earthquake and Fire Following	Other
0 to 3	200%	300%	250%
> 3 to 6	150%	200%	175%
> 6 to 9	125%	175%	150%
> 9 to 12	110%	150%	130%
> 12 to 15	105%	125%	115%
> 15 to 18	100%	120%	110%
Thereafter	100%	100%	100%

* For the purpose of this Article, the term "Windstorm" shall include Hurricane, Rainstorm, Storm, Tempest, Tornado, Cyclone, Typhoon and Hail.

b. The BLA will be reduced by the $61,000,000 retention and any inuring reinsurance recoveries to compute the Presumed Ultimate Net Loss. The Presumed Ceded Loss will be defined as the lesser of 19.25% of the Presumed Ultimate Net Loss and the limit of 19.25% of $39,000,000.

c. The Presumed Total Ceded Loss will equal the lesser of the limit of 19.25% of $39,000,000 and the Presumed Ceded Loss. An amount equal to the Presumed Total Ceded Loss less losses paid by the Reinsurer under this Contract shall be retained in the Trust and any excess in the Trust shall be released to the Reinsurer.

d. Notwithstanding the aforementioned, at June 1, 2014, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of loss from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

e. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the loss and loss adjustment expense reserves hereunder, including reserves for incurred but not reported losses, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

2. So long as there is any security on deposit in the Trust, the Reinsured shall perform the calculation set forth above within 10 business days after the end of each month and deliver a report substantially in the form of the Collateral Calculation Table attached to this Contract to the Reinsurer and the Trustee named in the Trust Agreement. Collateral will be adjusted monthly based on this calculation. To the extent the calculation indicates that collateral may be reduced, the delivery of the report to the Trustee will constitute a directive to return excess collateral to the Reinsurer. In the event the calculation indicates additional collateral is required, the Reinsurer will have 10 business days from receipt of the report to deposit the required collateral into the Trust.

ARTICLE 16

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "confidential information") are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;
   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or
   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

   Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.
4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 17

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 18

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.
2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 19

ERROR AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 20

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 21

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 22

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation

or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 23

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 24

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 25

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Reinsurance Trust and accordingly there shall be no recourse to any other assets of the Reinsurer, whether or not allocated to any other segregated portfolio or the general account of the Reinsurer. In the event that the proceeds of realization of the assets of the Reinsurance Trust are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer.

2. Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer is a segregated portfolio (of the Reinsurer) and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of the Bermuda. The Reinsurer has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 26

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 27

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.
2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 28

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 29

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
    a. Paper documents with an original ink signature;

b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or

c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.

3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 30

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 31

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 32

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder.

Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 33

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.
3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the

statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 34

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 35

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 36

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 37

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to

constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

SCHEDULE A

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

	Excess Layer 1	Excess Layer 2	Excess Layer 3
Reinsured's Retention	$61,000,000	$100,000,000	$234,000,000
Reinsurer's Per Occurrence Limit	19.25% of $39,000,000	$85,000,000	$129,000,000
Reinsurer's Contract Limit	19.25% of $39,000,000	$170,000,000	$129,000,000
Exposure Rate	.0381%	.0591%	.0426%
Flat Premium	****% of $********		
Flat Premium Payment Schedule:			
Due June 1, 2013	****% of $********		

The figures listed above for each excess layer shall apply to each Reinsurer in the percentage share for that excess layer expressed in its Interests and Liabilities Agreement attached hereto.

ADVOCATE™
Reinsurance Partners, LLC

COLLATERAL CALCULATION TABLE

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Collateral Release Calculation as of [ ]

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Date of Loss Event	Description	Loss Amount	Buffer Loss Factor	Buffer Loss Amount (Col. 3 x Col. 4)	Inuring Reinsurance Coverage	Buffered Loss Amount net of Inuring Reinsurance (Col. 5 - Col. 6)	Less $[ ] Retention	Balance (Col. 7 - Col. 8)
1A									
1B									
1C									
1D									
1E									
1F									

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE – REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.
5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.
6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
7. Reinsured to be sole judge of what constitutes:
   (a) substantial quantities, and
   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

(a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

(b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

ARP-HCI-02-CAT-004-13

DOC: May 22, 2013

Exhibit 10.43

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

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Schedule A
Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance U.S.A.

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Reinsured in respect of its net excess liability as a result of any loss or losses which may occur during the Term of this Contract under any policies, contracts and binders of insurance or reinsurance (hereinafter called "Policies'') in force at the effective date hereof or issued or renewed on or after that date, covering direct and assumed business classified by the Reinsured as the property perils of Homeowners and Dwelling, subject to the terms, conditions and limitations set forth herein and in Schedule A attached to and forming part of this Contract.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. If this Contract is terminated or expires while a Loss Occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire Loss Occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such Loss Occurrence is claimed against any renewal or replacement of this Contract.

3. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied up to a maximum of 65 days prior to the date of public announcement for subparagraphs (a) through (e) below or upon discovery for subparagraphs (f) through (h) below, subject to the condition that such selected date must be the last day of a calendar month:

   a. The Reinsurer's policyholders' surplus (or its equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Reinsured, has been reduced by 20% of the amount of surplus (or the applicable equivalent) at any date during the prior 12-month period (including the 12-month period prior to the inception of this Contract); or

   b. The Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or its Standard & Poor's rating has been assigned or downgraded below BBB+; or

   c. The Reinsurer has become merged with, acquired by or controlled by any other entity or unaffiliated individual(s) not controlling the Reinsurer's operations at the inception of this Contract; or

   d. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

   e. The Reinsurer has become insolvent or has been placed into liquidation, receivership, supervision, administration, winding-up or under a scheme of arrangement, or similar proceedings (whether voluntary or involuntary) or proceedings have been instituted against the Reinsurer for the appointment of a receiver, liquidator, rehabilitator, supervisor, administrator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or

   f. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

g. The Reinsurer has ceased assuming new or renewal property and casualty treaty reinsurance business; or

h. The Reinsurer has hired an unaffiliated runoff claims manager that is compensated on a contingent basis or is otherwise provided with financial incentives based on the quantum of claims paid.

ARTICLE 3

EXCLUSIONS

1. This Contract does not apply to and specifically excludes the following:

   a. All excess of loss reinsurance assumed by the Reinsured.

   b. Reinsurance assumed by the Reinsured under obligatory reinsurance agreements, except intercompany reinsurance between the Reinsured and its affiliates and agency reinsurance where the policies involved are to be re-underwritten in accordance with the underwriting standards of the Reinsured and reissued as policies of the Reinsured at the next anniversary or expiration date.

   c. Financial guarantee and insolvency.

   d. Insurance policies classified by the Reinsured as Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation, and Credit business.

   e. Flood and/or earthquake when written as such for standalone policies where flood and/or earthquake is the only named peril.

   f. Nuclear risks as defined in the "Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance U.S.A." attached to and forming part of this Contract.

   g. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.

   h. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.

i. All liability of the Reinsured arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. “Insolvency Fund” includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Reinsured of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

j. Loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Reinsured’s property loss under the applicable original policy.

k. Loss, damage, cost or expense arising out of an act of terrorism involving the use of any biological, chemical, nuclear or radioactive agent, material, device or weapon.

l. All liability arising out of mold, spores and/or fungus, but this exclusion shall not apply to those losses which follow as a direct result of a loss caused by a peril otherwise covered hereunder.

2. With the exception of subparagraphs (c), (f), (g) and (k) of paragraph (1) above, should any judicial, regulatory or legislative entity having legal jurisdiction invalidate any exclusion on the Reinsured’s policy, any amount of loss for which the Reinsured is liable because of such invalidation will not be excluded hereunder.

3. The Reinsured may submit to the Reinsurer, for special acceptance hereunder, business not covered by this Contract. Within seven days of receipt of such request, each Reinsurer shall accept such request, ask for additional information, or reject the request. If a Reinsurer fails to respond to a special acceptance request within seven days, the Reinsurer shall be deemed to have agreed to the special acceptance. If said business is accepted by the Reinsurer, it will be subject to the terms of this Contract, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Contract will be automatically covered hereunder. Further, in the event a Reinsurer becomes a party to this Contract subsequent to the special acceptance of any business not normally covered hereunder, the Reinsurer shall automatically accept the same as being a part of this Contract.

ARTICLE 4

RETENTION AND LIMIT

1. As respects reinsurance coverage provided by this Contract, the Reinsured shall retain and be liable for the first amount of Ultimate Net Loss, shown as “Reinsured’s Retention” in Schedule A attached hereto, arising out of each Loss Occurrence. The Reinsurer shall then be liable for the amount by which such Ultimate Net Loss exceeds the Reinsured’s applicable retention, but the liability of the Reinsurer shall not exceed the amount, shown as “Reinsurer’s Per Occurrence Limit” in Schedule A attached hereto, as respects any one Loss Occurrence, nor shall it exceed the amount, shown as “Reinsurer’s Contract Limit” in Schedule A attached hereto as respects all loss or losses arising out of Loss Occurrences commencing during the Term of this Contract.
2. Notwithstanding the provisions above, no claim shall be made as respects losses arising out of Loss Occurrences commencing during the Term of this Contract unless at least two risks insured or reinsured by the Reinsured are involved in such Loss Occurrence. For purposes hereof, the Reinsured shall be the sole judge of what constitutes “one risk.”

ARTICLE 5

REINSTATEMENT

1. In the event all or any portion of the reinsurance under the reinsurance coverage provided by this Contract is exhausted by loss, the amount so exhausted shall be reinstated immediately from the time the Loss Occurrence commences hereon. For each amount so reinstated the Reinsured agrees to pay additional premium equal to the product of the following:
   a. The percentage of the loss occurrence limit reinstated (based on the loss paid by the Reinsurer); times
   b. The adjusted premium for the Term of this Contract (exclusive of reinstatement premium), as calculated in accordance with the Rate and Premium Article.
2. Whenever the Reinsured requests payment by the Reinsurer of any loss hereunder, the Reinsured shall submit a statement to the Reinsurer of reinstatement premium due the Reinsurer. If the adjusted premium for the Term of this Contract has not been finally determined as of the date of any such statement, the calculation of reinstatement premium shall be based on the deposit premium and shall be readjusted when the

premium for the Term of this Contract has been finally determined. Any reinstatement premium shown to be due the Reinsurer as reflected by any such statement (less prior payments, if any) shall be payable by the Reinsured concurrently with payment by the Reinsurer of the requested loss. Any return reinstatement premium shown to be due the Reinsured shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's statement.

3. Notwithstanding anything stated herein, the liability of the Reinsurer under reinsurance coverage provided by this Contract shall not exceed either of the following:

   a. The amount, shown as "Reinsurer's Per Occurrence Limit" in Schedule A attached hereto, as respects loss or losses arising out of any one Loss Occurrence; or

   b. The amount, shown as "Reinsurer's Contract Limit" in Schedule A attached hereto, in all during the Term of this Contract.

ARTICLE 6

FLORIDA HURRICANE CATASTROPHE FUND

1. The Reinsured shall provisionally purchase mandatory coverage from the Florida Hurricane Catastrophe Fund (FHCF) with the following limit and retention:

   a. 90% of $486,000,000 excess of $185,000,000 (mandatory layer).

   The provisional limits and retentions above may increase or decrease in accordance with the provisions of the reimbursement contract between the Reinsured and the State Board of Administration of the State of Florida (SBA).

2. Any loss reimbursement paid or payable to the Reinsured for the mandatory coverage layer provided by the FHCF, ("FHCF loss reimbursement") and resulting from Loss Occurrences commencing during the Term of this Contract, shall inure to the benefit of this Contract. Further, any FHCF loss reimbursement shall be deemed paid to the Reinsured in accordance with the reimbursement contract between the Reinsured and the SBA at the full payout level set forth therein. It is further deemed that any loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

3. Prior to final calculation of the Reinsured's FHCF retention and payout for the mandatory layer provided by the reimbursement contract between the Reinsured and the SBA, the Reinsurer's liability hereunder will provisionally be calculated based on the projected FHCF payout and in accordance with paragraph (2) above. Following the FHCF's final calculation of the payout for the coverage layer provided by the reimbursement contract, the Ultimate Net Loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer hereunder in any one Loss Occurrence is less than the amount previously paid by the Reinsurer hereunder, the Reinsured shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer in any one Loss Occurrence hereunder is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Reinsured. For purposes of both the provisional and final calculation of Reinsurer liability referenced above, it is deemed that any FHCF loss reimbursement shall not be reduced by any reduction or exhaustion of the actual claims paying capacity of the FHCF and that the FHCF fund balance is deemed funded to the fullest extent allowable by Florida statute.

4. If an FHCF reimbursement amount is based on the Reinsured's losses in more than one Loss Occurrence commencing during the Term of this Contract, and the FHCF does not designate the amount allocable to each Loss Occurrence, the FHCF reimbursement amount shall be prorated in the proportion that the Reinsured's losses in each Loss Occurrence bear to the Reinsured's total losses arising out of all Loss Occurrences to which the FHCF reimbursement applies.

ARTICLE 7

RATE AND PREMIUM

1. As premium for reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:
   a. The amount, shown as "Minimum Premium" in Schedule A attached hereto; or
   b. The percentage, shown as "Exposure Rate" in Schedule A attached hereto, of the Reinsured's Total Insured Value as of September 30, 2013 (the "adjusted premium"), subject to the provisions of paragraph (5) below.
2. "Total Insured Value" means the sum of Coverage A, B, C and D for Business Covered as defined in the Business Covered Article.

3. The Reinsured shall pay the Reinsurer a deposit premium of the amount, shown as “Deposit Premium” in Schedule A attached hereto, payable in installment amounts and at the dates set forth in in the “Deposit Payment Schedule” in Schedule A attached hereto. No deposit premium installments shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

4. If the Reinsured elects to reduce or terminate a Reinsurer’s participation percentage in accordance with paragraph (3) of the Term Article, the “Minimum Premium” shall not apply. Further, the adjusted premium as otherwise determined in accordance with the provisions of subparagraph (b) of paragraph (1) above shall be replaced with the following:

    a. In the event a loss occurs prior to the effective date of reduction or termination and the Reinsurer’s liability for such Loss Occurrence exceeds the “Deposit Premium,” the reinsurance premium for the Term of this Contract shall equal the “Deposit Premium” times the ratio the loss recoverable bears to the “Reinsurer’s Per Occurrence Limit.”

    b. In the event no loss occurs prior to the effective date of reduction or termination or a loss occurs whereby the Reinsurer’s liability for such Loss Occurrence is less than the “Deposit Premium,” the reinsurance premium for the Term of this Contract shall equal the pro rata portion of the reinsurance premium otherwise due hereunder based on the proportion the Term of this Contract bears to the original 12-month term of this Contract.

5. No later than April 1, 2014 (or the effective date of termination in the event this Contract is terminated prior to April 1, 2014), the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) or (4) (as applicable) above, and any amounts due either party shall be remitted promptly. However, no return premium shall be due the Reinsured or additional premium due the Reinsurer hereunder unless the difference between the adjusted premium and the “Deposit Premium” is greater than 5%. In the event the adjusted premium hereunder is greater than the “Deposit Premium” by more than 5%, the premium due hereunder shall be equal to the deposit premium plus the difference between the adjusted premium and 105% of the deposit premium. Further, in the event the adjusted premium hereunder is less than the deposit premium by more than 5%, the premium due hereunder shall be equal to the “Deposit Premium” less the difference between 95% of the deposit premium and the adjusted premium.

ARTICLE 8

DEFINITIONS

ULTIMATE NET LOSS

The term “Ultimate Net Loss” as used herein shall be defined as the sum or sums (including Loss in Excess of Policy Limits, Extra Contractual Obligations and Loss Adjustment Expense, as hereinafter defined) paid or payable by the Reinsured in settlement of claims and in satisfaction of judgments rendered on account of such claims after deduction of all salvage, all recoveries, and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Reinsured’s Ultimate Net Loss has been ascertained.

LOSS IN EXCESS OF POLICY LIMITS AND EXTRA CONTRACTUAL OBLIGATIONS

The terms “Loss in Excess of Policy Limits” and “Extra Contractual Obligations” as used herein shall be defined as follows:

a. “Loss in Excess of Policy Limits” shall mean 100% of any amount paid or payable by the Reinsured in excess of its Policy limits, but otherwise within the terms of its Policy, such loss in excess of the Reinsured’s Policy limits having been incurred because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

b. “Extra Contractual Obligations” shall mean 100% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Reinsured, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Reinsured to settle within the Policy limits or by reason of the Reinsured’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An Extra Contractual Obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

Notwithstanding anything stated herein, this Contract shall not apply to any Loss in Excess of Policy Limits or any Extra Contractual Obligation incurred by the Reinsured as a result of any fraudulent and/or criminal act by any officer or director of the Reinsured acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

Further, any Loss in Excess of Policy Limits and/or Extra Contractual Obligations that are made in connection with this Contract shall not exceed 25% of the contractual loss under all Policies involved in the Loss Occurrence hereunder.

LOSS ADJUSTMENT EXPENSE

The term “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense, and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Reinsured’s field employees and expenses of other employees of the Reinsured who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Reinsured’s officials incurred in connection with losses covered by this Contract, and Declaratory Judgment Expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss Adjustment Expense shall not include normal office expenses or salaries of the Reinsured’s employees or officials.

DECLARATORY JUDGMENT EXPENSE

The term “Declaratory Judgment Expense” as used herein shall be defined as the Reinsured’s own costs and legal expense incurred in direct connection with declaratory judgment actions brought to determine the Reinsured’s defense and/or indemnification obligations that are assignable to specific claims arising out of Policies reinsured by this Contract, regardless of whether the declaratory judgment action is successful or unsuccessful. Any Declaratory Judgment Expense shall be deemed to have been fully incurred by the Reinsured on the same date as the original loss (if any) giving rise to the action.

TERM OF THIS CONTRACT

“Term of this Contract” as used herein shall be defined as the period from 12:01 a.m., Local Standard Time, June 1, 2013 through 12:01 a.m., Local Standard Time, June 1, 2014. However,

if this Contract is terminated, “Term of this Contract” as used herein shall mean the period from 12:01 a.m., Local Standard Time, June 1, 2013 until the effective time and date of termination.

ARTICLE 9

LOSS OCCURRENCE DEFINITION

LOSS OCCURRENCE

1. The term “Loss Occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Reinsured occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Loss Occurrence shall be further defined as follows:

    a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

    b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Reinsured occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured’s premises by strikers, provided such occupation commenced during the aforesaid period.

    c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening paragraph of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Reinsured’s Loss Occurrence.

d. As regards freeze, only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Reinsured's Loss Occurrence.

e. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs (b) and (c) above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Reinsured which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Reinsured's Loss Occurrence.

2. For all Loss Occurrences the Reinsured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Reinsured arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any Loss Occurrence referred to in subparagraph (a) or (b) of paragraph (1) above where only one such period of 96 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

3. No individual losses occasioned by an event that would be covered by the 96 hours clauses may be included in any Loss Occurrence claimed under the 168 hours provision.

ARTICLE 10

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 11

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 12

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 13

CASH CALL

In the event that at any time the Reinsured becomes obligated to make a payment or series of payments for losses which exceed the Reinsured's retention, the Reinsured shall present to the Reinsurer an itemized statement of the amounts payable hereunder. The Reinsurer shall be obligated (subject to the terms and conditions of this Contract) to make a payment to the Reinsured of the amount requested within 10 days of receipt of the statement from the Reinsured.

ARTICLE 14

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "confidential information") are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
    a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;

b. Have been rightfully received from a third person without obligation of confidentiality; or

c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:

   a. When required by retrocessionaires subject to the business ceded to this Contract;

   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

   Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 15

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 16

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.
2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 17

ERROR AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 18

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.

2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 19

FUNDING OF RESERVES

1. The Reinsurer agrees to fund its share of the Reinsured's ceded unearned premium (including, but not limited to, the unearned portion of any deposit premium installment as calculated by the Reinsured) and outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences) by:

   a. Clean, irrevocable and unconditional Letter of Credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of Letters of Credit and acceptable to said insurance regulatory authorities; and/or

   b. Escrow accounts for the benefit of the Reinsured; and/or

   c. Cash advances;

   if the Reinsurer:

   a. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Reinsured and if, without such funding, a penalty would accrue to the Reinsured on any financial statement it is required to file with the insurance regulatory authorities involved; or

   b. Has experienced any of the circumstances described in paragraph (3) of the Term Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

   For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

2. With regard to funding in whole or in part by Letters of Credit, it is agreed that each Letter of Credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will involve an “Evergreen Clause,” which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Reinsured not less than 30 days prior to said expiration date. The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said Letter of Credit may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

   a. To reimburse itself for the Reinsurers’ share of losses and/or Loss Adjustment Expense paid under the terms of Policies reinsured hereunder, unless paid in cash by the Reinsurer;

   b. To reimburse itself for the Reinsurer’s share of any other amounts claims to be due hereunder, unless paid in cash by the Reinsurer;

   c. To fund a cash account in an amount equal to the Reinsurer’s share of any ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported for known Loss Occurrences) funded by means of a Letter of Credit which is under non-renewal notice, if said Letter of Credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

   d. To refund to the Reinsurer any sums in excess of the actual amount required to fund the Reinsurer’s share of the Reinsured’s ceded unearned premium and/or outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences), if so requested by the Reinsurer; and

   e. To reimburse itself for the Reinsurer’s portion of the unearned reinsurance premium paid to the Reinsurer hereunder.

   In the event the amount drawn by the Reinsured on any Letter of Credit is in excess of the actual amount required for (2a), (2c), or (2e), or in the case of (2b), the actual amount determined to be due, the Reinsured shall promptly return to the Reinsurer the excess amount so drawn.

3. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Reinsured or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Reinsured.

4. At annual intervals, or more frequently at the discretion of the Reinsured, but never more frequently than quarterly, the Reinsured shall prepare a specific statement of the Reinsurer's funding obligations for the sole purpose of amending the Letter of Credit or other method of funding, in the following manner:

   a. If the statement shows that the Reinsurer's funding obligations exceed the balance of the Letter of Credit as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Reinsured of an amendment to the Letter of Credit increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

   b. If, however, the statement shows that the Reinsurer's funding obligations are less than the balance of the Letter of Credit as of the statement date, the Reinsured shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit available by the amount of such excess credit. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, decrease such funding by the amount of such excess.

5. If a Reinsurer fails to fulfill its funding obligation (if any) under this Article, the Reinsured may, at its option, require the Reinsurer to pay, and the Reinsurer agrees to pay, any interest charge on the funding obligation calculated on the last business day of each month as follows:

   a. The number of full days that have expired since the earliest of the applicable following dates:

      i. As respects a Reinsurer that is unauthorized in any state of the United States of America or District of Columbia having jurisdiction over the Reinsured, December 31 of the calendar year in which the funding was required;

      ii. As respects a Reinsurer that has experienced any of the circumstances described in paragraph (3) of the Term Article, the first date such circumstance occurs;

      times:

   b. 1/365ths of the sum of 2% and the U.S. prime rate as quoted in The Wall Street Journal on the first day of the month for which the calculation is made; times

   c. The funding obligation, less the amount, if any, funded by the Reinsurer prior to the applicable date determined in subparagraph (a) above.

It is agreed that interest shall accumulate until the full interest charge amount as provided for in this paragraph and the funding obligation are paid.

If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

ARTICLE 20

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 21

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured

indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 22

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. With the exception of payments due from the Reinsurer in accordance with the Cash Call Article, payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 23

LIABILITY OF THE REINSURER

1. The liability of the Reinsurer shall follow that of the Reinsured in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers, interpretations and modifications of the Reinsured's Policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.
2. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

ARTICLE 24

LOSS NOTICES AND SETTLEMENTS

1. Whenever losses sustained by the Reinsured appear likely to result in a claim hereunder, the Reinsured shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.
2. All loss settlements made by the Reinsured, provided they are within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured. Notwithstanding the foregoing, and subject to the provisions set forth under paragraph (2) of the Exclusions Article, should any judicial, regulatory, or legislative entity having legal jurisdiction require that the Reinsured be liable for any amounts that are otherwise outside the terms of the Reinsured's original Policies, the Reinsurer agrees that such amounts shall be subject always to the terms and conditions of this Contract.

ARTICLE 25

NET RETAINED LINES

1. This Contract applies only to that portion of any Policy which the Reinsured retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any Policy which the Reinsured retains net for its own account shall be included.

2. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 26

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 27

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms "electronic record," "electronic signature" and "electronic agent" shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 28

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 29

OTHER REINSURANCE

The Reinsured shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Reinsured and be entirely disregarded in applying all of the provisions of this Contract.

ARTICLE 30

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Reinsured, less the actual cost, excluding salaries of officials and employees of the Reinsured and sums paid to attorneys as a retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Reinsured for its primary loss. The Reinsured hereby agrees to enforce its rights to salvage and subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Reinsured's opinion, it is economically reasonable to do so. Should the Reinsured neglect or refuse to enforce such rights, the Reinsurer is hereby empowered and authorized to institute the appropriate action in the name of the Reinsured, at the Reinsurer's expense.

ARTICLE 31

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.
3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 32

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 33

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 34

TERRITORY

The liability of the Reinsurer shall be limited to losses under Policies covering property located within the territorial limits of the State of Florida; but this limitation shall not apply to moveable property if the Reinsured's Policies provide coverage when said moveable property is outside the aforementioned territorial limits.

ARTICLE 35

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

ADVOCATE™
Reinsurance Partners, LLC

SCHEDULE A

CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

	Excess Layer 4
Reinsured's Retention	$363,000,000
Reinsurer's Per Occurrence Limit	$ 50,000,000
Reinsurer's Contract Limit	$100,000,000
Exposure Rate	****%
Minimum Premium	$ ******
Deposit Premium	$ ******
Deposit Payment Schedule:	
Installment Due July 1, 2013	$ ******
Installment Due September 1, 2013	$ ******
Installment Due January 1, 2014	$ ******
Installment Due April 1, 2014	$ ******

* *plus applicable adjustment per Rate and Premium Article*

All figures listed above are at 100% and shall apply to each Reinsurer in the percentage share expressed in its Interests and Liabilities Agreement attached hereto.

ADVOCATE™
Reinsurance Partners, LLC

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reinsured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material”, and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reinsured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reinsured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.
5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reinsured to be the primary hazard.
6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
7. Reinsured to be sole judge of what constitutes:
   (a) substantial quantities, and
   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

(a) all Policies issued by the Reinsured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

(b) with respect to any risk located in Canada Policies issued by the Reinsured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

Exhibit 10.44

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT

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REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

By this Contract the Reinsurer agrees to indemnity the Reinsured for 100% of any net reinstatement premium which the Reinsured pays or becomes liable to pay under the provisions of the second excess layer of the Reinsured's Catastrophe Excess of Loss Reinsurance Contract, effective June 1, 2013 (hereinafter referred to as the "Original Contract"), subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to reinstatement premium payable by the Reinsured under the provisions of the Original Contract, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied up to a maximum of 65 days prior to the date of public

announcement for subparagraphs (a) through (e) below or upon discovery for subparagraphs (f) through (h) below, subject to the condition that such selected date must be the last day of a calendar month:

a. The Reinsurer's policyholders' surplus (or its equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Reinsured, has been reduced by 20% of the amount of surplus (or the applicable equivalent) at any date during the prior 12-month period (including the 12-month period prior to the inception of this Contract); or

b. The Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or its Standard & Poor's rating has been assigned or downgraded below BBB+; or

c. The Reinsurer has become merged with, acquired by or controlled by any other entity or unaffiliated individual(s) not controlling the Reinsurer's operations at the inception of this Contract; or

d. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

e. The Reinsurer has become insolvent or has been placed into a liquidation, receivership, supervision, administration, winding-up or under a scheme of arrangement, or similar proceedings (whether voluntary or involuntary) or proceedings have been instituted against the Reinsurer for the appointment of a receiver, liquidator, rehabilitator, supervisor, administrator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or

f. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer; or

g. The Reinsurer has ceased assuming new or renewal property and casualty treaty reinsurance business; or

h. The Reinsurer has hired an unaffiliated runoff claims manager that is compensated on a contingent basis or is otherwise provided with financial incentives based on the quantum of claims paid.

3. If the Reinsured elects to terminate this Contract in accordance with the provisions of paragraph (2) above, the premium due hereunder shall be prorated based on the Reinsurer's period of participation under this Contract and shall be due as promptly as possible following determination of the final adjusted reinsurance premium paid by the Reinsured under the Original Contract.

ARTICLE 3

CONCURRENCY OF CONDITIONS

1. It is agreed that this Contract will follow those terms, conditions, exclusions, definitions, warranties and settlements of the Reinsured under the Original Contract, including any addenda thereto, which are not inconsistent with the provisions of this Contract.
2. The Reinsured shall advise the Reinsurer of any material changes in the Original Contract which may affect the liability of the Reinsurer under this Contract.

ARTICLE 4

RATE AND PREMIUM

1. As premium for the reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:
   a. $********** (minimum premium); or
   b. The product of the following:
      i. *******; times
      ii. The Final Adjusted Rate on Line for the second excess layer under the Original Contract; times
      iii. An amount equal to the final adjusted premium paid by the Reinsured for the second excess layer under the Original Contract.

      "Final Adjusted Rate on Line" as used herein shall mean an amount equal to the final adjusted premium paid by the Reinsured for the second excess layer under the Original Contract divided by the "Reinsurer's Per Occurrence Limit" for the second excess layer.

2. The Reinsured shall pay the Reinsurer a deposit premium hereunder of $******** in four equal installments of $********, due on June 1 and September 1 of 2013, and January 1 and April 1 of 2014. No deposit premium shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

3. On or before April 1, 2014, the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) above, and any amount due either party shall be remitted promptly.

4. "Contract Quarter" as used herein shall mean the period from June 1, 2013 through August 31, 2013, both days inclusive, and each respective three-month period (or portion thereof) thereafter during the term of this Contract.

ARTICLE 5

LOSS NOTICES AND SETTLEMENTS

1. Whenever reinstatement premium settlements are made by the Reinsured under the second excess layer of the Original Contract, the Reinsured shall notify the Reinsurer.

2. All reinstatement premium settlements made by the Reinsured under the Original Contract, provided they are within the terms of the Original Contract and within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Reinsured.

3. As promptly as possible after the end of each Contract Quarter, the Reinsured shall report to the Reinsurer its reinstatement premiums paid during the Contract Quarter and its outstanding loss reserves (being the sum of all reinstatement premiums paid by the Reinsured under the Original Contract but not yet recovered from the Reinsurer, plus the Reinsured's reserves for reinstatement premiums due under the Original Contract, if any) as of the end of the Contract Quarter on any reinstatement premiums reported to the Reinsurer in accordance with paragraph (1) above. This paragraph shall not apply to any Contract Quarter in which there were no loss payments subject to this Contract.

ARTICLE 6

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 7

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 8

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.

2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 9

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as “confidential information”) are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:

    a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;

b. Have been rightfully received from a third person without obligation of confidentiality; or

c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:

   a. When required by retrocessionaires subject to the business ceded to this Contract;

   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

   Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 10

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 11

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.
2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 12

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 13

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.

2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 14

FUNDING OF RESERVES

1. The Reinsurer agrees to fund its share of the Reinsured's ceded unearned premium (including, but not limited to, the unearned portion of any deposit premium installment as calculated by the Reinsured) and outstanding loss and Loss Adjustment Expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known Loss Occurrences) by:

   a. Clean, irrevocable and unconditional Letter of Credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of Letters of Credit and acceptable to said insurance regulatory authorities; and/or

   b. Escrow accounts for the benefit of the Reinsured; and/or

   c. Cash advances;

   if the Reinsurer:

   a. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Reinsured and if, without such funding, a penalty would accrue to the Reinsured on any financial statement it is required to file with the insurance regulatory authorities involved; or

   b. Has experienced any of the circumstances described in paragraph (2) of the Term Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

   For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

2. With regard to funding in whole or in part by Letters of Credit, it is agreed that each Letter of Credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will involve an “Evergreen Clause,” which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Reinsured not less than 30 days prior to said expiration date. The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said Letter of Credit may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

   a. To reimburse itself for the Reinsurer’s share of unearned premiums returned to insureds on account of policy cancellations, unless paid in cash by the Reinsurer;

   b. To reimburse itself for the Reinsurer’s share of reinstatement premiums paid by the Reinsurer under the terms of the Original Contract, unless paid in cash by the Reinsurer;

   c. To reimburse itself for the Reinsurer’s share of any other amounts claimed to be due hereunder, unless paid in cash by the Reinsurer;

   d. To fund a cash account in an amount equal to the Reinsurer’s share of amounts, including but not limited to, any ceded unearned premium and/or outstanding loss reserves funded by means of a Letter of Credit which is under non-renewal notice, if said Letter of Credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

   e. To refund to the Reinsurer any sums in excess of the actual amount required to fund the Reinsurer’s share of the Reinsured’s ceded unearned premium and/or outstanding loss, if so requested by the Reinsurer.

   In the event the amount drawn by the Reinsured on any Letter of Credit is in excess of the actual amount required for (2a), (2b), or (2d), or in the case of (2c), the actual amount determined to be due, the Reinsured shall promptly return to the Reinsurer the excess amount so drawn.

3. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Reinsured or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Reinsured.

4. At annual intervals, or more frequently at the discretion of the Reinsured, but never more frequently than quarterly, the Reinsured shall prepare a specific statement of the Reinsurer's funding obligations for the sole purpose of amending the Letter of Credit or other method of funding, in the following manner:

   a. If the statement shows that the Reinsurer's funding obligations exceed the balance of the Letter of Credit as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Reinsured of an amendment to the Letter of Credit increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

   b. If, however, the statement shows that the Reinsurer's funding obligations are less than the balance of the Letter of Credit as of the statement date, the Reinsured shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit available by the amount of such excess credit. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, decrease such funding by the amount of such excess.

5. If a Reinsurer fails to fulfill its funding obligation (if any) under this Article, the Reinsured may, at its option, require the Reinsurer to pay, and the Reinsurer agrees to pay, any interest charge on the funding obligation calculated on the last business day of each month as follows:

   a. The number of full days that have expired since the earliest of the applicable following dates:

      i. As respects a Reinsurer that is unauthorized in any state of the United States of America or District of Columbia having jurisdiction over the Reinsured, December 31 of the calendar year in which the funding was required;

      ii. As respects a Reinsurer that has experienced any of the circumstances described in paragraph (3) of the Term Article, the first date such circumstance occurs;

times:

b. 1/365ths of the sum of 2% and the U.S. prime rate as quoted in The Wall Street Journal on the first day of the month for which the calculation is made; times

c. The funding obligation, less the amount, if any, funded by the Reinsurer prior to the applicable date determined in subparagraph (a) above.

It is agreed that interest shall accumulate until the full interest charge amount as provided for in this paragraph and the funding obligation are paid.

If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

ARTICLE 15

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 16

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed,

however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 17

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. Payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 18

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 19

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 20

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 21

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 22

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 23

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 24

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

Exhibit 10.45

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT

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Trust Agreement

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

By this Contract the Reinsurer agrees to indemnity the Reinsured for 100% of any net reinstatement premium which the Reinsured pays or becomes liable to pay under the provisions of the second excess layer of the Reinsured's Catastrophe Excess of Loss Reinsurance Contract, effective June 1, 2013 (hereinafter referred to as the "Original Contract"), subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to reinstatement premium payable by the Reinsured under the provisions of the Original Contract, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of a calendar month.

a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

CONCURRENCY OF CONDITIONS

1. It is agreed that this Contract will follow those terms, conditions, exclusions, definitions, warranties and settlements of the Reinsured under the Original Contract, including any addenda thereto, which are not inconsistent with the provisions of this Contract.

2. The Reinsured shall advise the Reinsurer of any material changes in the Original Contract which may affect the liability of the Reinsurer under this Contract.

ARTICLE 4

RATE AND PREMIUM

1. As premium for the reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:

   a. ***% of $********* (minimum premium); or

   b. The product of the following:

      i. *******; times

      ii. The Final Adjusted Rate on Line for the second excess layer under the Original Contract; times

      iii. **% of an amount equal to the final adjusted premium paid by the Reinsured for the second excess layer under the Original Contract.

"Final Adjusted Rate on Line" as used herein shall mean an amount equal to the final adjusted premium paid by the Reinsured for the second excess layer under the Original Contract divided by the "Reinsurer's Per Occurrence Limit" for the second excess layer.

2. The Reinsured shall pay the Reinsurer a deposit premium of $********* on June 1, 2013 and the Adjusted Deposit Installment, defined in paragraph (3) below, on January 1, 2014. No deposit premium shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

3. "Adjusted Deposit Installment" as used herein shall mean:

   a. The premium due hereunder, computed in accordance with paragraph (1) above; less

   b. $*******.

4. On or before January 1, 2014, the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) above, and any amount due either party shall be remitted promptly.

5. "Contract Quarter" as used herein shall mean the period from June 1, 2013 through August 31, 2013, both days inclusive, and each respective three-month period (or portion thereof) thereafter during the term of this Contract.

ARTICLE 5

LOSS NOTICES AND SETTLEMENTS

1. Whenever reinstatement premium settlements are made by the Reinsured under the second excess layer of the Original Contract, the Reinsured shall notify the Reinsurer.

2. All reinstatement premium settlements made by the Reinsured under the Original Contract, provided they are within the terms of the Original Contract and within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or schedules to be paid within 14 days) by the Reinsured.

3. As promptly as possible after the end of each Contract Quarter, the Reinsured shall report to the Reinsurer its reinstatement premiums paid during the Contract Quarter and its outstanding loss reserves (being the sum of all reinstatement premiums paid by the Reinsured under the Original Contract but not yet recovered from the Reinsurer, plus the Reinsured's reserves for reinstatement premiums due under the Original Contract, if any) as of the end of the Contract Quarter on any reinstatement premiums reported to the Reinsurer in accordance with paragraph (1) above. This paragraph shall not apply to any Contract Quarter in which there were no loss payments subject to this Contract.

ARTICLE 6

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 7

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 8

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall

be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.

2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 9

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $4,292,500 (the "Collateral") less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Rate and Premium Article shall be deposited into the Trust Account.
2. The Reinsured agrees that if the Reinsurer makes payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of Section 5 of the Trust Agreement.
4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall promptly deposit the difference into the Trust Account.
5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 10

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust.
2. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is

essentially no possibility of reinstatement premium protection from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

3. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the reinstatement premium reserves hereunder, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

ARTICLE 11

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "confidential information") are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 12

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 13

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 14

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 15

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 16

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 17

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 18

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. Payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 19

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The Reinsured understands and accepts that Aeolus Re Ltd. is registered as a segregated account company under the Bermuda Segregated Accounts Companies Act 2000 and that the Reinsurers include the segregated accounts of Aeolus Re Ltd. listed in Schedule A.

2. For purposes of this Article, each of such segregated accounts is individually referred to as a "SAC Reinsurer" and collectively as the "SAC Reinsurers". All corporate matters relating to the creation of the SAC Reinsurers, including, but not limited to, the capacity of the SAC Reinsurers, the segregated nature of the SAC Reinsurers and Aeolus Re Ltd., and the operation and liquidation of the SAC Reinsurers, will be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured acknowledges that each of the SAC Reinsurers has written and/or will write other reinsurance or retrocession policies and that the assets and liabilities attributable to each such contract shall be linked to the SAC Reinsurer writing such contract. Accordingly, each SAC Reinsurer (*i.e.*, segregated account) will have assets and liabilities relating to a multiple of reinsurance contracts. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with each of the SAC Reinsurers.

3. Notwithstanding any other provision of this Contract to the contrary, the liability of each SAC Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together the "SAC Obligations") will be limited to and payable solely from the assets linked to that SAC Reinsurer. Accordingly there will be no recourse to any other assets of Aeolus Re Ltd. (including, for the avoidance of doubt, any assets linked to any other segregated account of Aeolus Re Ltd. or to its general account). In the event that the assets linked to a SAC Reinsurer are insufficient to meet all of its SAC Obligations, any SAC Obligations remaining after the application of such assets linked to such SAC Reinsurer will be extinguished, and the Reinsured undertakes in such circumstances to take no further action against such SAC Reinsurer, Aeolus Re Ltd. or any other segregated accounts of Aeolus Re Ltd. in respect of any such SAC Obligations. In particular, neither the Reinsured nor any party acting on its behalf will petition or take any steps for the winding up or receivership of a SAC Reinsurer, Aeolus Re Ltd., or any other segregated account of Aeolus Re Ltd.

4. The Reinsured also understands and accepts that the Reinsurers include one special purpose insurer, which is licensed under the Bermuda Insurance Act 1978 and identified in Schedule I hereto (for purposes of this Article, the "SPI Reinsurer"). Notwithstanding any other provision of this Contract to the contrary, the liability of such SPI Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together the "SPI Obligations") will be limited to and payable solely from its own assets. The Reinsured acknowledges that the SPI Reinsurer has written and/or will write other reinsurance or retrocession policies and that the assets and liabilities attributable to each such contract will form the assets and liabilities of such SPI Reinsurer under those contracts. Accordingly, the SPI Reinsurer will have assets and liabilities relating to a multiple of reinsurance contracts. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the SPI Reinsurer. In the event that the assets available to a SPI Reinsurer are insufficient to meet all of its SPI Obligations, any SPI Obligations remaining after the application of such assets available to such SPI Reinsurer will be extinguished, and the Reinsured undertakes in such circumstances to take no further action against such SPI Reinsurer in respect of any of its remaining SPI Obligations. In particular, neither the Reinsured nor any party acting on its behalf will petition or take any steps for the liquidation, winding up or receivership of the SPI Reinsurer.
5. This Limited Recourse and Bermuda Regulations Article shall survive termination of this Reinsurance Agreement.

ARTICLE 20

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 21

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 22

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 23

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 24

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 25

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 26

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

SCHEDULE A

Listing of Segregated Accounts

AEOLUS RE Ltd. in respect of its:

UNDERWRITING SEGREGATED ACCOUNT
KEYSTONE SEGREGATED ACCOUNT
HOTORU RE SEGREGATED ACCOUNT
QVT V SEGREGATED ACCOUNT

Listing of SPIs

PENDULUM RE II LTD.

TRUST AGREEMENT

(a copy to be included)

Exhibit 10.46

****** indicates material that has been omitted pursuant to a request for confidential treatment. The omitted material has been filed separately with the U.S. Securities and Exchange Commission

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT

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ATTACHMENTS

Trust Agreement

REINSTATEMENT PREMIUM PROTECTION REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.
TAMPA, FLORIDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABLITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurer(s)")

ARTICLE 1

BUSINESS COVERED

By this Contract the Reinsurer agrees to indemnity the Reinsured for 100% of any net reinstatement premium which the Reinsured pays or becomes liable to pay under the provisions of the second excess layer of the Reinsured's Catastrophe Excess of Loss Reinsurance Contract, effective June 1, 2013 (hereinafter referred to as the "Original Contract"), subject to the terms, conditions and limitations hereinafter set forth.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time, June 1, 2013, with respect to reinstatement premium payable by the Reinsured under the provisions of the Original Contract, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. Notwithstanding the provisions of paragraph (1) above, the Reinsured may reduce or terminate a Reinsurer's percentage share in this Contract at any time by giving written notice to the Reinsurer in the event any of the following circumstances occur. The effective date of reduction or termination shall be the date selected by the Reinsured, which may be a date that is retroactively applied to the date of public announcement for subparagraph (a) below or upon discovery for subparagraph (b) below, subject to the condition that such selected date must be the last day of a calendar month.

a. A State Insurance Department or other legal authority has ordered the Reinsurer to cease writing business; or

b. The Reinsurer has reinsured its entire liability under this Contract without the Reinsured's prior written consent, except that this provision shall not apply to any intercompany reinsurance or intercompany pooling arrangements entered into by the Reinsurer.

ARTICLE 3

CONCURRENCY OF CONDITIONS

1. It is agreed that this Contract will follow those terms, conditions, exclusions, definitions, warranties and settlements of the Reinsured under the Original Contract, including any addenda thereto, which are not inconsistent with the provisions of this Contract.

2. The Reinsured shall advise the Reinsurer of any material changes in the Original Contract which may affect the liability of the Reinsurer under this Contract.

ARTICLE 4

RATE AND PREMIUM

1. As premium for the reinsurance coverage provided by this Contract, the Reinsured shall pay the Reinsurer the greater of the following:

   a. **% of $********* (minimum premium); or

   b. The product of the following:

      i. *******; times

      ii. The Final Adjusted Rate on Line for the second excess layer under the Original Contract; times

      iii. **% of an amount equal to the final adjusted premium paid by the Reinsured for the second excess layer under the Original Contract.

"Final Adjusted Rate on Line" as used herein shall mean an amount equal to the final adjusted premium paid by the Reinsured for the second excess layer under the Original Contract divided by the "Reinsurer's Per Occurrence Limit" for the second excess layer.

2. The Reinsured shall pay the Reinsurer a deposit premium of $********** on June 1, 2013 and the Adjusted Deposit Installment, defined in paragraph (3) below, on January 1, 2014. No deposit premium shall be due to a Reinsurer hereunder until that Reinsurer has executed its Interests and Liabilities Agreement attached to and forming part of this Contract. Further, if this Contract is terminated, no deposit premium installments shall be due after the effective date of termination.

3. "Adjusted Deposit Installment" as used herein shall mean:

   a. The premium due hereunder, computed in accordance with paragraph (1) above; less

   b. $**********.

4. On or before January 1, 2014, the Reinsured shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph (1) above, and any amount due either party shall be remitted promptly.

5. "Contract Quarter" as used herein shall mean the period from June 1, 2013 through August 31, 2013, both days inclusive, and each respective three-month period (or portion thereof) thereafter during the term of this Contract.

ARTICLE 5

LOSS NOTICES AND SETTLEMENTS

1. Whenever reinstatement premium settlements are made by the Reinsured under the second excess layer of the Original Contract, the Reinsured shall notify the Reinsurer.

2. All reinstatement premium settlements made by the Reinsured under the Original Contract, provided they are within the terms of the Original Contract and within the terms of this Contract, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or schedules to be paid within 14 days) by the Reinsured.

3. As promptly as possible after the end of each Contract Quarter, the Reinsured shall report to the Reinsurer its reinstatement premiums paid during the Contract Quarter and its outstanding loss reserves (being the sum of all reinstatement premiums paid by the Reinsured under the Original Contract but not yet recovered from the Reinsurer, plus the Reinsured's reserves for reinstatement premiums due under the Original Contract, if any) as of the end of the Contract Quarter on any reinstatement premiums reported to the Reinsurer in accordance with paragraph (1) above. This paragraph shall not apply to any Contract Quarter in which there were no loss payments subject to this Contract.

ARTICLE 6

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured.

ARTICLE 7

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 8

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall

be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Underwriters at Lloyd's. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, the two Arbiters shall request the American Arbitration Association to appoint the Umpire. If the American Arbitration Association fails to appoint the Umpire within 30 days after it has been requested to do so, either party may request a justice of a Court of general jurisdiction of the state in which the arbitration is to be held to appoint the Umpire.

2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place in Tampa, Florida; however, the location may be changed if mutually agreed upon by the parties of this Contract. Notwithstanding the location of arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 9

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the "Trust Agreement") with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to $2,146,250 (the "Collateral") less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Rate and Premium Article shall be deposited into the Trust Account.
2. The Reinsured agrees that if the Reinsurer makes payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of Section 2 of the Trust Agreement.
4. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 10

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust.
2. Notwithstanding the aforementioned, at December 31, 2013, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of reinstatement premium protection from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

3. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the reinstatement premium reserves hereunder, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

ARTICLE 11

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the terms and conditions of this Contract, any materials provided in the course of audit or inspection and any documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "confidential information") are proprietary and confidential to the Reinsured. Confidential information shall not include documents, information or data that the Reinsurer can show:
   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;
   b. Have been rightfully received from a third person without obligation of confidentiality; or
   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any confidential information to any third parties, including any affiliated companies, except:
   a. When required by retrocessionaires subject to the business ceded to this Contract;
   b. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;
   c. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or
   d. When required by attorneys or arbitrators in connection with an actual or potential dispute hereunder.

Further, the Reinsurer agrees not to use any confidential information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the confidential information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided for in this Article.

4. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 12

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 13

ENTIRE AGREEMENT

1. This Contract and any related trust agreement, Letter of Credit and/or special acceptance, shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract.

2. Any change or modification to this Contract shall be null and void unless made by an addendum and signed by the parties hereto.

ARTICLE 14

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 15

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 16

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation in accordance with the laws of the State of Florida, exclusive of the rules with respect to conflicts of law; however, with respect to credit for reinsurance, the applicable rules of all states shall apply.

ARTICLE 17

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or

statutory successor, with reasonable provision for verification, on the basis of the liability of the Reinsured or on the basis of claims files and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 18

LATE PAYMENTS

1. The interest penalties provided for in this Article shall apply to the Reinsurer or to the Reinsured in the following circumstances:

   a. Payments due from the Reinsurer to the Reinsured shall have as a due date the date on which the agreed proof of loss is received by the Reinsurer, and shall be overdue 30 days thereafter. Payment to the Intermediary is deemed to be payment to the Reinsured for purposes of this Article.

   b. Payments due from the Reinsured to the Reinsurer shall have as a due date the date specified in this Contract. Payments shall be overdue 30 days thereafter. Premium adjustments shall be overdue 30 days following the due date set forth under the terms of this Contract.

   c. The Reinsured shall provide a copy of the original insured's proof of loss, and a copy of the claim adjuster's report(s) or other evidence of indemnification for losses exceeding the excess limit on an incurred basis. If, subsequent to receipt of this evidence, the information contained therein is insufficient or not in accordance with the contractual conditions, then the payment due date as defined in subparagraph (a) shall be deemed to be the date upon which the Reinsurer received additional information necessary to approve payment of the claim or the claim is presented in an acceptable manner. Interest as stipulated in subparagraph (d) shall be payable should a disputed claim be ultimately settled and if the period set out in subparagraph (a) is exceeded, but only to the extent that the final loss payment exactly tracks with the original proof of loss.

   d. Overdue amounts shall bear simple interest from the overdue date at the 90-day United States Treasury Bill rate set forth by the Federal Reserve Board for the first Monday of the calendar month in which the amount becomes overdue, as published in the Federal Reserve Statistical Release. If the interest generated for 100% in respect of any overdue payment as outlined in subparagraph (a) or (b) is $500 or less, then the interest penalty shall be waived.

   e. For the purposes of this Article, reinsuring Underwriters at Lloyd's shall be viewed as one entity. The provisions set forth herein shall not be applicable until the creditor party shall have manifested to the debtor party its intent to invoke the terms of this Article.

ARTICLE 19

LIMITED RECOURSE AND BERMUDA REGULATIONS

1. The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Trust Fund established in accordance with this Contract, and accordingly there shall be no recourse to any other assets of the Blue Water Re Master Fund Ltd., whether or not allocated to any other separate account or the general account of the Blue Water Re Master Fund Ltd. In the event that the proceeds of realization of the assets of the Trust Fund are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer or the Blue Water Re Master Fund Ltd.
2. Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer acts on behalf of one or more separate accounts of the Blue Water Re Master Fund Ltd. and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 20

NON-WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedies contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedies in the future.

ARTICLE 21

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original ink signature;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 22

OFFSET

The Reinsured and the Reinsurer, each at its option, may offset any balance or balances, whether on account of premiums, claims and losses, Loss Adjustment Expenses or salvages due from one party to the other under this Contract or under any other reinsurance agreement heretofore or hereafter entered into between the Reinsured and the Reinsurer, whether acting as assuming reinsurer or as ceding company; provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with applicable statutes and regulations.

ARTICLE 23

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory, or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 24

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 25

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 26

INTERMEDIARY

Advocate Reinsurance Partners, LLC is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, TX 75201. Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

TRUST AGREEMENT

(a copy to be included)

ENDORSEMENT NO. 1
to the

PER OCCURRENCE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2012
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY
TAMPA, FLORIDA
(hereinafter called the "Reinsured")
by

NATIONAL LIABILITY & FIRE INSURANCE COMPANY
(hereinafter called, with other participants, the "Reinsurers")

Effective June 1, 2013, the Contract has been amended as follows:

ARTICLE 6 – RETENTION AND LIMIT, Paragraph (4), shall now read as follows:

"Reinsured's Retention," as respects all loss or losses arising out of Loss Occurrences commencing during the Contract Year effective June 1, 2012, shall equal $7,500,000.

"Reinsured's Retention," as respects all loss or losses arising out of Loss Occurrences commencing during the Contract Year effective June 1, 2013, shall equal $11,000,000.

"Reinsured's Retention," as respects all loss or losses arising out of Loss Occurrences commencing during the Contract Year effective June 1, 2014, shall equal the greater of the following:

i. $7,500,000; or

ii. 15% of the Reinsured's Policyholders' Surplus as of December 31, 2013.

All other Terms and Conditions remain unchanged.

Signed in , on this day of , 2013

NATIONAL LIABILITY & FIRE INSURANCE COMPANY

BY: _____

TITLE: _____

Signed in , on this day of , 2013

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY
TAMPA, FLORIDA

BY: _____

TITLE: _____

ENDORSEMENT NO. 1
to the

PER OCCURRENCE EXCESS OF LOSS REINSURANCE CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2012
issued to

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY
TAMPA, FLORIDA
(hereinafter called the "Reinsured")
by

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
(hereinafter called, with other participants, the "Reinsurers")

Effective June 1, 2013, the Contract has been amended as follows:

ARTICLE 6 – RETENTION AND LIMIT, Paragraph (4), shall now read as follows:

"Reinsured's Retention," as respects all loss or losses arising out of Loss Occurrences commencing during the Contract Year effective June 1, 2012, shall equal $7,500,000.

"Reinsured's Retention," as respects all loss or losses arising out of Loss Occurrences commencing during the Contract Year effective June 1, 2013, shall equal $11,000,000.

"Reinsured's Retention," as respects all loss or losses arising out of Loss Occurrences commencing during the Contract Year effective June 1, 2014, shall equal the greater of the following:

i. $7,500,000; or

ii. 15% of the Reinsured's Policyholders' Surplus as of December 31, 2013.

All other Terms and Conditions remain unchanged.

Signed in , on this day of , 2013

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.

BY: _____

TITLE: _____

Signed in , on this day of , 2013

HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY
TAMPA, FLORIDA

BY: _____

TITLE: _____

Exhibit 10.48

EXCESS OF LOSS RETROCESSION CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

EXCESS OF LOSS RETROCESSION CONTRACT

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EXCESS OF LOSS RETROCESSION CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurers")

ARTICLE 1

BUSINESS COVERED

By this Contract the Reinsurer agrees to reimburse the Reinsured for the Ultimate Net Loss arising from Loss Occurrences commencing during the Term of this Contract in respect of the Reinsured's liability under the provisions of the Homeowners Choice Property & Casualty Insurance Company Catastrophe Excess of Loss and Catastrophe Aggregate Excess of Loss Reinsurance Contracts, effective June 1, 2013 (hereinafter referred to as the "Original Contracts") as follows:

a. 22.0779% (4.25% part of 19.25%) of the Catastrophe Excess of Loss Reinsurance Contract

b. 18.1818% (4.00% part of 22.00%) of the Catastrophe Aggregate Excess of Loss Reinsurance Contract

The liability of the Reinsurer shall follow that of the Reinsured in every case and shall be subject in all respects to all the general and specific stipulations, clauses, waivers, extensions, modifications and endorsements of the Original Contracts subject to the exclusions set forth in the Exclusions Article, and the other terms and conditions of this Contract as set forth herein.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:00:01 a.m., Local Standard Time June 1, 2013, with respect to the Ultimate Net Loss arising from Loss Occurrences payable by the

Reinsured under the provisions of the Original Contracts, and shall remain in force until 12:00:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.

2. The obligations of the Reinsurer under this Contract shall continue for Loss Occurrences commencing during the Term of this Contract until the Reinsured has no further liability under the Original Contracts.

ARTICLE 3

TERRITORY

The territorial limits of this Contract shall be identical with those of the Reinsured's Policies of the Original Contracts issued in the State of Florida.

ARTICLE 4

CONCURRENCY OF CONDITIONS

1. It is agreed that this Contract will follow those terms, conditions, exclusions, definitions, warranties and settlements of the Reinsured under the Original Contracts, including any addenda thereto, which are not inconsistent with the provisions of this Contract.
2. The Reinsured shall advise the Reinsurer of any material changes in the Original Contracts which may affect the liability of the Reinsurer under this Contract.

ARTICLE 5

LIMIT AND RETENTION

1. The Reinsurer shall be liable for the Ultimate Net Loss arising from Loss Occurrences deemed payable under the Original Contracts.
2. As promptly as possible after calculation of the Ultimate Net Loss arising from Loss Occurrences due from the Reinsured under the Original Contracts as a result of a loss thereunder, or any subsequent recalculation thereof, the Reinsured shall report the amount due from the Reinsurer hereunder. The amount, if any, shown to be due from the Reinsurer shall be paid by the Reinsurer as promptly as possible following receipt and verification of the Reinsured's request for payment.

ARTICLE 6

REINSURANCE PREMIUM

The Reinsured shall pay the Reinsurer a flat premium of $1,166,513. The annual deposit premium shall follow the payment schedule of the Original Contracts. If this Contract is terminated, no deposit premium shall be due after the effective date of termination.

ARTICLE 7

LIMITED RECOURSE AND CAYMAN ISLANDS REGULATIONS

The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Reinsurance Trust and accordingly there shall be no recourse to any other assets of the Reinsurer, whether or not allocated to any other segregated portfolio or the general account of the Reinsurer. In the event that the proceeds of realization of the assets of the Reinsurance Trust are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer.

Notwithstanding any matter referred to herein, the Reinsured understands and accepts that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of the Cayman Islands. The Reinsurer has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 8

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the

Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured. “Undisputed” as used herein shall mean any amount that the Reinsurer has not contested in writing to the Reinsured specifying the reason(s) why the payments are disputed.

ARTICLE 9

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 10

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Lloyd’s London Underwriters. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, each Arbiter shall nominate three candidates within 10 days thereafter, two of whom the other shall decline, and the decision shall be made by drawing lots. Notwithstanding the above, in the event the dispute or difference of opinion involves a Runoff Reinsurer, the Reinsured may, at its option, choose to forego arbitration and may bring action in any court of competent jurisdiction.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the

Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall, at the option of the Reinsured, constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.
4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.
5. Any arbitration proceedings shall take place at a location mutually agreed upon by the parties to this Contract. Notwithstanding the location of the arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 11

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the “Trust Agreement”) with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to the limit of liability (the “Collateral”) less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Rate and Premium Article shall be deposited into the Trust Account.
2. The Reinsured agrees that if the Reinsurer makes payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.
3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured’s option in accordance with the provisions of the Trust Agreement.

4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall promptly deposit the difference into the Trust Account.

5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 12

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust.

2. Notwithstanding the aforementioned, at December 31, 2014, the parties agree to consider the release of collateral. The intention is to release collateral for all limits for which there is essentially no possibility of reinstatement premium protection from past or future events before the expiration of this Contract. All collateral securing what the parties agree are unreachable limits will be released within three business days.

3. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the reinstatement premium reserves hereunder, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

ARTICLE 13

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "Confidential Information") are proprietary and confidential to the Reinsured. Confidential Information shall not include documents, information or data that the Reinsurer can show:

    a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;

b. Have been rightfully received from a third person without obligation of confidentiality; or

c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies (except to the extent necessary to enable affiliated companies or third parties engaged by the Reinsurer to perform services related to this Contract on behalf of the Reinsurer), except:

   a. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

   b. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business;

   c. When required by attorneys in connection with an actual or potential dispute hereunder; or

   d. When required for the Reinsurer's internal operations directly related to carrying out the terms and conditions of this Contract.

   Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided in this Article.

4. The provisions of this Article shall extend to the officers, directors, shareholders and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 14

CURRENCY

1. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.
2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 15

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by the parties hereto.

ARTICLE 16

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 17

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 18

GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws of the State of Florida.

ARTICLE 19

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.
2. In the event of the insolvency of one or more of the Reinsured’s companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Reinsured without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.
3. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the Reinsured's companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 20

LATE PAYMENTS

1. The provisions of this Article shall not be implemented unless specifically invoked, in writing, by one of the parties to this Contract.
2. In the event any premium, loss or other payment due either party is not received by the intermediary named in the Intermediary Article (hereinafter referred to as the "Intermediary") by the payment due date, the party to whom payment is due may, by notifying the Intermediary in writing, require the debtor party to pay, and the debtor party agrees to pay, an interest penalty on the amount past due calculated for each such payment on the last business day of each month as follows:
   a. The number of full days which have expired since the due date or the last monthly calculation, whichever the lesser; times
   b. 1/365ths of the sum of 1.0% and the U.S. prime rate as quoted in *The Wall Street Journal* on the first business day of the month for which the calculation is made; times
   c. The amount past due, including accrued interest.

   It is agreed that interest shall accumulate until payment of the original amount due plus interest penalties have been received by the Intermediary.

   Notwithstanding the provisions of subparagraph (b) above and the immediately preceding sentence, the interest rate for a Runoff Reinsurer will increase by 1.0% for every month that payment of the claim is past due, subject to a maximum annual interest rate of 12.0%.

3. If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

4. The establishment of the due date shall, for purposes of this Article, be determined as follows:

   a. As respects the payment of routine deposits and premiums due the Reinsurer, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 30 days after the date of transmittal by the Intermediary of the initial billing for each such payment.

   b. Any claim or loss payment due the Reinsured hereunder shall be deemed due 30 days after the proof of loss or demand for payment is transmitted to the Reinsurer. If such loss or claim payment is not received within the 30 days, interest will accrue on the payment amount overdue in accordance with paragraphs (2) and (3) above, from the date the proof of loss or demand for payment was transmitted to the Reinsurer.

   c. As respects any payment, adjustment or return due either party not otherwise provided for in subparagraphs (a) and (b) of this paragraph, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 30 days following transmittal of written notification that the provisions of this Article have been invoked.

   For purposes of interest calculations only, amounts due hereunder shall be deemed paid upon receipt by the Intermediary.

5. Nothing herein shall be construed as limiting or prohibiting a Reinsurer from contesting the validity of any claim, or from participating in the defense of any claim or suit, or prohibiting either party from contesting the validity of any payment or from initiating any arbitration or other proceeding in accordance with the provisions of this Contract. If the debtor party prevails in an arbitration or other proceeding, then any interest penalties due hereunder on the amount in dispute shall be null and void. If the debtor party loses in such proceeding, then the interest penalty on the amount determined to be due hereunder shall be calculated in accordance with the provisions set forth above unless otherwise determined by such proceedings. If a debtor party advances payment of any amount it is contesting, and proves to be correct in its contestation, either in whole or in part, the other party shall reimburse the debtor party for any such excess payment made plus interest on the excess amount calculated in accordance with this Article.

6. Interest penalties arising out of the application of this Article that are $1,000 or less from any party shall be waived unless there is a pattern of late payments consisting of three or more items over the course of any 12-month period.

ARTICLE 21

NON WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained herein nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 22

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record”, “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 23

OFFSET

1. The Reinsured and the Reinsurer shall have the right to offset any balance or amounts due from one party to the other under the terms of this Contract. The party asserting the right of offset may exercise such right any time whether the balances due are on account of premiums or losses or otherwise.
2. Notwithstanding the provisions of paragraph (1) above, a Runoff Reinsurer shall not offset balances as outlined above without the prior consent of the Reinsured.

ARTICLE 24

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.
3. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefore, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent,

Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 25

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 26

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 27

INTERMEDIARY

Advocate Reinsurance Partners, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including but not limited to notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating to this Contract will be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, Texas 75201. Payments by the Reinsured to the Intermediary will be deemed payment to the Reinsurers. Payments by the Reinsurers to the Intermediary will be deemed payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

Exhibit 10.49

EXCESS OF LOSS RETROCESSION CONTRACT

EFFECTIVE: JUNE 1, 2013

ISSUED TO

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA

Including any and/or all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

EXCESS OF LOSS RETROCESSION CONTRACT

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EXCESS OF LOSS RETROCESSION CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2013
issued to

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurers")

ARTICLE 1

BUSINESS COVERED

By this Contract the Reinsurer agrees to reimburse the Reinsured for the Ultimate Net Loss arising from Loss Occurrences commencing during the Term of this Contract in respect of the Reinsured's liability under the provisions of the Homeowners Choice Property & Casualty Insurance Company Working Layer Catastrophe Excess of Loss Contract, effective June 1, 2013 (hereinafter referred to as the "Original Contract").

The liability of the Reinsurer shall follow that of the Reinsured in every case and shall be subject in all respects to all the general and specific stipulations, clauses, waivers, extensions, modifications and endorsements of the Original Contract subject to the exclusions set forth in the Exclusions Article, and the other terms and conditions of this Contract as set forth herein.

ARTICLE 2

TERM

1. This Contract shall become effective at 12:00:01 a.m., Local Standard Time June 1, 2013, with respect to the Ultimate Net Loss arising from Loss Occurrences payable by the Reinsured under the provisions of the Original Contract, and shall remain in force until 11:59:59 p.m., Local Standard Time, May 31, 2018. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. The obligations of the Reinsurer under this Contract shall continue for Loss Occurrences commencing during the Term of this Contract until the Reinsured has no further liability under the Original Contract.

DOC: June 12, 2013

ARTICLE 3

TERRITORY

The territorial limits of this Contract shall be identical with those of the Reinsured's Policies of the Original Contract issued in the State of Florida.

ARTICLE 4

CONCURRENCY OF CONDITIONS

1. It is agreed that this Contract will follow those terms, conditions, exclusions, definitions, warranties and settlements of the Reinsured under the Original Contract, including any addenda thereto, which are not inconsistent with the provisions of this Contract.
2. The Reinsured shall advise the Reinsurer of any material changes in the Original Contract which may affect the liability of the Reinsurer under this Contract.

ARTICLE 5

LIMIT AND RETENTION

1. The Reinsurer shall be liable for the Ultimate Net Loss arising from Loss Occurrences deemed payable under the Original Contract.
2. As promptly as possible after calculation of the Ultimate Net Loss arising from Loss Occurrences due from the Reinsured under the Original Contract as a result of a loss thereunder, or any subsequent recalculation thereof, the Reinsured shall report the amount due from the Reinsurer hereunder. The amount, if any, shown to be due from the Reinsurer shall be paid by the Reinsurer as promptly as possible following receipt and verification of the Reinsured's request for payment.

ARTICLE 6

REINSURANCE PREMIUM

The annual deposit premium shall follow the payment schedule of the Original Contract including any endorsements. If this Contract is terminated, no deposit premium shall be due after the effective date of termination.

ARTICLE 7

LIMITED RECOURSE AND CAYMAN ISLANDS REGULATIONS

The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together "Obligations" for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Reinsurance Trust and accordingly there shall be no recourse to any other assets of the Reinsurer, whether or not allocated to any other segregated portfolio or the general account of the Reinsurer. In the event that the proceeds of realization of the assets of the Reinsurance Trust are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer.

Notwithstanding any matter referred to herein, the Reinsured understands and accepts that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of the Cayman Islands. The Reinsurer has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 8

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the

Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured. “Undisputed” as used herein shall mean any amount that the Reinsurer has not contested in writing to the Reinsured specifying the reason(s) why the payments are disputed.

ARTICLE 9

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 10

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Lloyd’s London Underwriters. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, each Arbiter shall nominate three candidates within 10 days thereafter, two of whom the other shall decline, and the decision shall be made by drawing lots. Notwithstanding the above, in the event the dispute or difference of opinion involves a Runoff Reinsurer, the Reinsured may, at its option, choose to forego arbitration and may bring action in any court of competent jurisdiction.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the

Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall, at the option of the Reinsured, constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place at a location mutually agreed upon by the parties to this Contract. Notwithstanding the location of the arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 11

COLLATERAL

1. As promptly as possible following execution of this Contract, the Reinsurer (as Grantor) shall enter into a Trust Agreement (the “Trust Agreement”) with the Reinsured (as Beneficiary) and the trustee, pursuant to which the Reinsurer shall provide collateral in the form of eligible Assets deposited and held in a Trust Account, with such Assets having a market value greater than or equal to the total annual limit of liability as detailed in the Retention and Limit Article of the Original Contract (the “Collateral”) less unpaid premium (net of brokerage and applicable Federal Excise Tax). It is understood that deposit premium paid in accordance with the Rate and Premium Article shall be deposited into the Trust Account.

2. The Reinsured agrees that if the Reinsurer makes payment(s) to the Reinsured under this Contract, the Reinsurer may withdraw Assets from the Trust Account, reducing the market value of Assets in the Trust Account to an amount at least equal to the unused Reinsurance Limit, in accordance with the provisions of the Trust Agreement.

3. The Trust Fund may be drawn upon by the Reinsured at any time and the Assets may be used at the Reinsured's option in accordance with the provisions of the Trust Agreement.

4. At any time prior to expiration or termination of this Contract, if the value of the Assets in the Trust Account is less than the Reinsurer's Obligations hereunder, the Reinsurer shall promptly deposit the difference into the Trust Account.

5. Except as provided in the Collateral Release Article, the Reinsured agrees to release the Assets in the Trust Account required under this Article as promptly as provided in the Trust Agreement.

ARTICLE 12

COLLATERAL RELEASE

1. At the expiration or termination of this Contract, if the Trust has not yet been terminated, the Reinsured shall calculate on a monthly basis, how much, if any, of the collateral shall be released from the Trust.

2. Thirty-six months following the expiration of this Contract, the Reinsurer shall have the option to commute this Contract by sending the Reinsured written notice thereof. In such event, the Reinsurer shall pay to the Reinsured an amount equal to the reinstatement premium reserves hereunder, as estimated by the Reinsured, which would be recoverable hereunder. Upon the Reinsurer's payment of such amount, both parties shall be completely released from all liability under this Contract, whether known or unknown.

ARTICLE 13

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "Confidential Information") are proprietary and confidential to the Reinsured. Confidential Information shall not include documents, information or data that the Reinsurer can show:

   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;

   b. Have been rightfully received from a third person without obligation of confidentiality; or

   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies (except to the extent necessary to enable affiliated companies or third parties engaged by the Reinsurer to perform services related to this Contract on behalf of the Reinsurer), except:

   a. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

   b. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business;

   c. When required by attorneys in connection with an actual or potential dispute hereunder; or

   d. When required for the Reinsurer's internal operations directly related to carrying out the terms and conditions of this Contract.

   Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided in this Article.

4. The provisions of this Article shall extend to the officers, directors, shareholders and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 14

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 15

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by the parties hereto.

ARTICLE 16

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 17

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 18

GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws of the State of Florida.

ARTICLE 19

INSOLVENCY

1. If more than one reinsured company is included within the definition of “Reinsured” hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the Reinsured’s companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Reinsured without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the Reinsured’s companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 20

LATE PAYMENTS

1. The provisions of this Article shall not be implemented unless specifically invoked, in writing, by one of the parties to this Contract.

2. In the event any premium, loss or other payment due either party is not received by the intermediary named in the Intermediary Article (hereinafter referred to as the "Intermediary") by the payment due date, the party to whom payment is due may, by notifying the Intermediary in writing, require the debtor party to pay, and the debtor party agrees to pay, an interest penalty on the amount past due calculated for each such payment on the last business day of each month as follows:

   a. The number of full days which have expired since the due date or the last monthly calculation, whichever the lesser; times

   b. 1/365ths of the sum of 1.0% and the U.S. prime rate as quoted in *The Wall Street Journal* on the first business day of the month for which the calculation is made; times

   c. The amount past due, including accrued interest.

   It is agreed that interest shall accumulate until payment of the original amount due plus interest penalties have been received by the Intermediary.

   Notwithstanding the provisions of subparagraph (b) above and the immediately preceding sentence, the interest rate for a Runoff Reinsurer will increase by 1.0% for every month that payment of the claim is past due, subject to a maximum annual interest rate of 12.0%.

3. If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

4. The establishment of the due date shall, for purposes of this Article, be determined as follows:

   a. As respects the payment of routine deposits and premiums due the Reinsurer, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 30 days after the date of transmittal by the Intermediary of the initial billing for each such payment.

   b. Any claim or loss payment due the Reinsured hereunder shall be deemed due 30 days after the proof of loss or demand for payment is transmitted to the Reinsurer. If such loss or claim payment is not received within the 30 days, interest will accrue on the payment amount overdue in accordance with paragraphs (2) and (3) above, from the date the proof of loss or demand for payment was transmitted to the Reinsurer.

   c. As respects any payment, adjustment or return due either party not otherwise provided for in subparagraphs (a) and (b) of this paragraph, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 30 days following transmittal of written notification that the provisions of this Article have been invoked.

   For purposes of interest calculations only, amounts due hereunder shall be deemed paid upon receipt by the Intermediary.

5. Nothing herein shall be construed as limiting or prohibiting a Reinsurer from contesting the validity of any claim, or from participating in the defense of any claim or suit, or prohibiting either party from contesting the validity of any payment or from initiating any arbitration or other proceeding in accordance with the provisions of this Contract. If the debtor party prevails in an arbitration or other proceeding, then any interest penalties due hereunder on the amount in dispute shall be null and void. If the debtor party loses in such proceeding, then the interest penalty on the amount determined to be due hereunder shall be calculated in accordance with the provisions set forth above unless otherwise determined by such proceedings. If a debtor party advances payment of any amount it is contesting, and proves to be correct in its contestation, either in whole or in part, the other party shall reimburse the debtor party for any such excess payment made plus interest on the excess amount calculated in accordance with this Article.

6. Interest penalties arising out of the application of this Article that are $1,000 or less from any party shall be waived unless there is a pattern of late payments consisting of three or more items over the course of any 12-month period.

ARTICLE 21

NON WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained herein nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 22

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record”, “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 23

OFFSET

1. The Reinsured and the Reinsurer shall have the right to offset any balance or amounts due from one party to the other under the terms of this Contract. The party asserting the right of offset may exercise such right any time whether the balances due are on account of premiums or losses or otherwise.
2. Notwithstanding the provisions of paragraph (1) above, a Runoff Reinsurer shall not offset balances as outlined above without the prior consent of the Reinsured.

ARTICLE 24

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefore, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 25

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 26

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 27

INTERMEDIARY

Advocate Reinsurance Partners, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including but not limited to notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating to this Contract will be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, Texas 75201. Payments by the Reinsured to the Intermediary will be deemed payment to the Reinsurers. Payments by the Reinsurers to the Intermediary will be deemed payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

Exhibit 10.50

EXCESS OF LOSS RETROCESSION CONTRACT

EFFECTIVE: JUNE 1, 2012

ISSUED TO

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA

Including any and all companies that are or may hereafter become affiliated therewith

ADVOCATE™
Reinsurance Partners, LLC

EXCESS OF LOSS RETROCESSION CONTRACT

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EXCESS OF LOSS RETROCESSION CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2012
issued to

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA
Including any and/or all companies that are or may hereafter become affiliated therewith
(hereinafter called the "Reinsured")
by

THE SUBSCRIBING REINSURER(S) SPECIFIED IN THE INTERESTS AND LIABLITIES AGREEMENT ATTACHED TO THIS CONTRACT
(hereinafter called, with other participants, the "Reinsurers")

ARTICLE 1

BUSINESS COVERED

By this Contract the Reinsurer agrees to reimburse the Reinsured for the Ultimate Net Loss arising from Loss Occurrences commencing during the Term of this Contract in respect of the Reinsured's liability under the provisions of the Homeowners Choice Property & Casualty Insurance Company Catastrophe Excess of Loss and Catastrophe Aggregate Excess of Loss Reinsurance Contracts, effective June 1, 2012 (hereinafter referred to as the "Original Contracts").

The liability of the Reinsurer shall follow that of the Reinsured in every case and shall be subject in all respects to all the general and specific stipulations, clauses, waivers, extensions, modifications and endorsements of the Original Contracts subject to the exclusions set forth in the Exclusions Article, and the other terms and conditions of this Contract as set forth herein.

DOC: June 18, 2012

ARTICLE 2

TERM

1. This Contract shall become effective at 12:01 a.m., Local Standard Time June 1, 2012, with respect to the Ultimate Net Loss arising from Loss Occurrences payable by the Reinsured under the provisions of the Original Contracts, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2013. “Local Standard Time” as used herein shall mean local standard time at the location where the Loss Occurrence commences.
2. The obligations of the Reinsurer under this Contract shall continue for Loss Occurrences commencing during the Term of this Contract until the Reinsured has no further liability under the Original Contracts.

ARTICLE 3

TERRITORY

The territorial limits of this Contract shall be identical with those of the Reinsured’s Policies of the Original Contracts issued in the State of Florida.

ARTICLE 4

CONCURRENCY OF CONDITIONS

1. It is agreed that this Contract will follow those terms, conditions, exclusions, definitions, warranties and settlements of the Reinsured under the Original Contracts, including any addenda thereto, which are not inconsistent with the provisions of this Contract.
2. The Reinsured shall advise the Reinsurer of any material changes in the Original Contracts which may affect the liability of the Reinsurer under this Contract.

ARTICLE 5

LIMIT AND RETENTION

1. The Reinsurer shall be liable for the Ultimate Net Loss arising from Loss Occurrences deemed payable under the Original Contracts.
2. As promptly as possible after calculation of the Ultimate Net Loss arising from Loss Occurrences due from the Reinsured under the Original Contracts as a result of a loss thereunder, or any subsequent recalculation thereof, the Reinsured shall report the amount due from the Reinsurer hereunder. The amount, if any, shown to be due from the Reinsurer shall be paid by the Reinsurer as promptly as possible following receipt and verification of the Reinsured’s request for payment.

ARTICLE 6

REINSURANCE PREMIUM

The Reinsured shall pay the Reinsurer an annual deposit premium of $4,032,500. The annual deposit premium shall follow the payment schedule of the Original Contracts. If this Contract is terminated, no deposit premium shall be due after the effective date of termination.

ARTICLE 7

CONTINGENT COMMISSION

1. The Reinsurer shall pay the Reinsured a contingent commission equal to 50% of the net profit, if any, accruing to the Reinsurer during the Term of this Contract based on the combined premiums, losses, and expenses of this Contract.
2. The Reinsurer's net profit for the Term of this Contract shall be calculated in accordance with the following formula, it being understood that a positive balance equals net profit and a negative balance equals net loss:
    a. Premiums Earned during the Term of this Contract; less
    b. Expenses incurred by the Reinsurer equal to 65.8% of Premiums Earned during the Term of this Contract; less
    c. Losses Incurred during the Term of this Contract.
3. The Reinsured shall calculate the Reinsurer's net profit as of May 31, 2013. Within 30 days after the calculation, the Reinsured shall report the results to the Reinsurer. Such calculation shall be based on cumulative transactions hereunder from the effective date of this Contract through the date of calculation. As respects such calculation, any contingent commission shown to be due the Reinsured shall be paid by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's report.

4. “Premiums Earned” as used herein shall mean ceded unearned premiums under this Contract at the effective date of this Contract, plus ceded Net Written Premiums during the Term of this Contract under this Contract, less ceded unearned premiums under this Contract as of the date of calculation.

5. “Net Written Premium” as used herein shall mean the gross written premium of the Reinsured for the classes of business reinsured hereunder, less cancellations and return premiums.

6. “Losses Incurred” as used herein shall mean ceded losses and Loss Adjustment Expense paid as of the effective date of calculation under this Contract, plus the ceded reserves for losses and Loss Adjustment Expense outstanding as of the same date under this Contract, all as respects losses occurring during the Term of this Contract.

7. “Loss Adjustment Expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense and/or appeal of specific claims, regardless of how such expenses are classified for statutory reporting purposes. Loss Adjustment Expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, and declaratory judgment expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, but shall not include office expenses or salaries of the Reinsured’s regular employees.

ARTICLE 8

LIMITED RECOURSE AND CAYMAN ISLANDS REGULATIONS

The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Contract (together “Obligations” for purposes of this Article), shall be limited to and payable solely from the proceeds of realization of the assets of the Reinsurance Trust and accordingly there shall be no recourse to any other assets of the Reinsurer, whether or not allocated to any other segregated portfolio or the general account of the Reinsurer. In the event that the proceeds of realization of the assets of the Reinsurance Trust are insufficient to meet all Obligations, any Obligations remaining after the application of

such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer.

Notwithstanding any matter referred to herein, the Reinsured understands and accepts that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of the Cayman Islands. The Reinsurer has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Contract with the Reinsurer.

ARTICLE 9

ACCESS TO RECORDS

The Reinsurer or its designated representatives shall have access to the books and records of the Reinsured on matters relating to this reinsurance at all reasonable times, and at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning this Contract or the subject matter thereof. Notification of a request for inspection of records shall be sent to the Reinsured by the Reinsurer in written form, and shall normally be given four weeks in advance. Notwithstanding the above, the Reinsurer shall not have any right of access to the records of the Reinsured if it is not current in all undisputed payments due the Reinsured. “Undisputed” as used herein shall mean any amount that the Reinsurer has not contested in writing to the Reinsured specifying the reason(s) why the payments are disputed.

ARTICLE 10

AGENCY

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

ARTICLE 11

ARBITRATION

1. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Reinsured, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Lloyd's London Underwriters. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, each Arbiter shall nominate three candidates within 10 days thereafter, two of whom the other shall decline, and the decision shall be made by drawing lots. Notwithstanding the above, in the event the dispute or difference of opinion involves a Runoff Reinsurer, the Reinsured may, at its option, choose to forego arbitration and may bring action in any court of competent jurisdiction.
2. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.
3. If more than one reinsurer is involved in the same dispute, all such reinsurers shall, at the option of the Reinsured, constitute and act as one party for purposes of this Article and communications shall be made by the Reinsured to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

4. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

5. Any arbitration proceedings shall take place at a location mutually agreed upon by the parties to this Contract. Notwithstanding the location of the arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

ARTICLE 12

CONFIDENTIALITY

1. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Reinsured, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (hereinafter referred to as "Confidential Information") are proprietary and confidential to the Reinsured. Confidential Information shall not include documents, information or data that the Reinsurer can show:

   a. Are publicly available or have become publicly available through no unauthorized act of the Reinsurer;

   b. Have been rightfully received from a third person without obligation of confidentiality; or

   c. Were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

2. Absent the written consent of the Reinsured, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies (except to the extent necessary to enable affiliated companies or third parties engaged by the Reinsurer to perform services related to this Contract on behalf of the Reinsurer), except:

   a. When required by regulators performing an audit of the Reinsurer's records and/or financial condition;

   b. When required by external auditors performing an audit of the Reinsurer's records in the normal course of business;

c. When required by attorneys in connection with an actual or potential dispute hereunder; or

d. When required for the Reinsurer's internal operations directly related to carrying out the terms and conditions of this Contract.

Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

3. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Reinsured with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Reinsured in maintaining the confidentiality provided in this Article.

4. The provisions of this Article shall extend to the officers, directors, shareholders and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 13

CURRENCY

1. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

2. Amounts paid or received by the Reinsured in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Reinsured.

ARTICLE 14

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties

hereto other than as expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by the parties hereto.

ARTICLE 15

ERRORS AND OMISSIONS

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

ARTICLE 16

FEDERAL EXCISE TAX

1. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.
2. In the event of any return of premium becoming due hereunder, the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Reinsured or its agent should take steps to recover the tax from the United States Government.

ARTICLE 17

FUNDING OF RESERVES

1. The Reinsurer agrees to fund its share of the Reinsured's ceded outstanding loss and Loss Adjustment Expense reserves (including any reasonable amount of incurred but not reported loss reserves) by:
    a. Clean, irrevocable and unconditional Letter of Credit issued and confirmed, if confirmation is required by the regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of Letters of Credit and acceptable to said insurance regulatory authorities; and/or

b. Escrow accounts for the benefit of the Reinsured; and/or

c. Cash advances;

if the Reinsurer:

a. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Reinsured and if, without such funding, a penalty would accrue to the Reinsured on any financial statement it is required to file with the insurance regulatory authorities involved; or

b. Is a Runoff Reinsurer; or

c. Has its A.M. Best's rating assigned or downgraded below A- and/or its Standard & Poor's rating assigned or downgraded below BBB+.

The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved and the Reinsured.

Notwithstanding the provisions of the Arbitration Article, if a Runoff Reinsurer fails to fund its share of the Reinsured's ceded outstanding loss and Loss Adjustment Expense reserves (including any reasonable amount of incurred but not reported loss reserves) under this Contract as set forth above, the Reinsured retains its right to apply to a court of competent jurisdiction for equitable or interim relief.

2. With regard to funding in whole or in part by Letters of Credit, it is agreed that each Letter of Credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will include an "Evergreen Clause," which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Reinsured not less than 30 days prior to said expiration date. The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said Letters of Credit may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

   a. To reimburse itself for the Reinsurer's share of losses and/or Loss Adjustment Expense paid under the terms of Policies reinsured hereunder, unless paid in cash by the Reinsurer;

b. To reimburse itself for the Reinsurer's share of any other amounts claimed to be due hereunder, unless paid in cash by the Reinsurer;

c. To fund a cash account in an amount equal to the Reinsurer's share of any ceded unearned premium and/or ceded outstanding loss and Loss Adjustment Expense reserves (including any reasonable amount of incurred but not reported loss) funded by means of a Letter of Credit which is under non-renewal notice, if said Letter of Credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date; and

d. To refund to the Reinsurer any sum in excess of the actual amount required to fund the Reinsurer's share of the Reinsured's ceded outstanding loss and Loss Adjustment Expense reserves (including any reasonable amount of incurred but not reported loss), if so requested by the Reinsurer.

In the event the amount drawn by the Reinsured on any Letter of Credit is in excess of the actual amount required for (2a), or (2c), or in the case of (2b), the actual amount determined to be due, the Reinsured shall promptly return to the Reinsurer the excess amount so drawn.

3. If a Reinsurer fails to fulfill its funding obligation (if any) under this Article, the Reinsured may, at its option, require the Reinsurer to pay, and the Reinsurer agrees to pay, an interest charge on the funding obligation calculated on the last business day of each month as follows:

   a. The number of full days that have expired since the earliest of the applicable following dates:

      i. As respects a Reinsurer that is unauthorized in any state of the United States of America or District of Columbia having jurisdiction over the Reinsured, December 31 of the calendar year in which the funding was required;

ii. As respects a Runoff Reinsurer, the first date such reinsurer becomes a Runoff Reinsurer; or

iii. As respects a Reinsurer that has its A.M. Best's rating assigned or downgraded below A- and/or its Standard & Poor's rating assigned or downgraded below BBB+, the first date such circumstances occurs;

times:

b. 1/365ths of the sum of 5.0% and the U.S. prime rate as quoted in *The Wall Street Journal* on the first day of the month for which the calculation is made; times

c. The greater of (a) the funding obligation, less the amount if any, funded by the Reinsurer prior to the applicable date determined in subparagraph (a) above or (b) $1,000.

It is agreed that interest shall accumulate until the full interest charge amount as provided for in this paragraph and the funding obligation are paid.

If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

ARTICLE 18

GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws of the State of Florida.

ARTICLE 19

INSOLVENCY

1. If more than one reinsured company is included within the definition of "Reinsured" hereunder, this Article shall apply individually to each such company.

2. In the event of the insolvency of one or more of the Reinsured's companies, this reinsurance shall be payable directly to the Reinsured or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Reinsured without diminution because of the insolvency of the Reinsured or because the liquidator, receiver, conservator or statutory successor of the Reinsured has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Reinsured shall give written notice to the Reinsurer of the pendency of a claim against the Reinsured indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Reinsured as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Reinsured solely as a result of the defense undertaken by the Reinsurer.

3. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the Reinsured.

4. It is further understood and agreed that, in the event of the insolvency of one or more of the Reinsured's companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Reinsured or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee of such reinsurance in the event of the insolvency of the Reinsured or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the Reinsured as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the Reinsured to such payees. However, the exceptions provided in (1) and (2) above shall apply only to the extent that applicable statutes or regulations specifically permit such exceptions.

ARTICLE 20

LATE PAYMENTS

1. The provisions of this Article shall not be implemented unless specifically invoked, in writing, by one of the parties to this Contract.

2. In the event any premium, loss or other payment due either party is not received by the intermediary named in the Intermediary Article (hereinafter referred to as the "Intermediary") by the payment due date, the party to whom payment is due may, by notifying the Intermediary in writing, require the debtor party to pay, and the debtor party agrees to pay, an interest penalty on the amount past due calculated for each such payment on the last business day of each month as follows:

   a. The number of full days which have expired since the due date or the last monthly calculation, whichever the lesser; times

   b. 1/365ths of the sum of 1.0% and the U.S. prime rate as quoted in *The Wall Street Journal* on the first business day of the month for which the calculation is made; times

   c. The amount past due, including accrued interest.

   It is agreed that interest shall accumulate until payment of the original amount due plus interest penalties have been received by the Intermediary.

   Notwithstanding the provisions of subparagraph (b) above and the immediately preceding sentence, the interest rate for a Runoff Reinsurer will increase by 1.0% for every month that payment of the claim is past due, subject to a maximum annual interest rate of 12.0%.

3. If the interest rate provided under this Article exceeds the maximum interest rate allowed by any applicable law or is held unenforceable by an arbitrator or a court of competent jurisdiction, such interest rate shall be modified to the highest rate permitted by the applicable law, and all remaining provisions of this Article and Contract shall remain in full force and effect without being impaired or invalidated in any way.

4. The establishment of the due date shall, for purposes of this Article, be determined as follows:

   a. As respects the payment of routine deposits and premiums due the Reinsurer, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 30 days after the date of transmittal by the Intermediary of the initial billing for each such payment.

b. Any claim or loss payment due the Reinsured hereunder shall be deemed due 30 days after the proof of loss or demand for payment is transmitted to the Reinsurer. If such loss or claim payment is not received within the 30 days, interest will accrue on the payment amount overdue in accordance with paragraphs (2) and (3) above, from the date the proof of loss or demand for payment was transmitted to the Reinsurer.

c. As respects any payment, adjustment or return due either party not otherwise provided for in subparagraphs (a) and (b) of this paragraph, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 30 days following transmittal of written notification that the provisions of this Article have been invoked.

For purposes of interest calculations only, amounts due hereunder shall be deemed paid upon receipt by the Intermediary.

5. Nothing herein shall be construed as limiting or prohibiting a Reinsurer from contesting the validity of any claim, or from participating in the defense of any claim or suit, or prohibiting either party from contesting the validity of any payment or from initiating any arbitration or other proceeding in accordance with the provisions of this Contract. If the debtor party prevails in an arbitration or other proceeding, then any interest penalties due hereunder on the amount in dispute shall be null and void. If the debtor party loses in such proceeding, then the interest penalty on the amount determined to be due hereunder shall be calculated in accordance with the provisions set forth above unless otherwise determined by such proceedings. If a debtor party advances payment of any amount it is contesting, and proves to be correct in its contestation, either in whole or in part, the other party shall reimburse the debtor party for any such excess payment made plus interest on the excess amount calculated in accordance with this Article.

6. Interest penalties arising out of the application of this Article that are $1,000 or less from any party shall be waived unless there is a pattern of late payments consisting of three or more items over the course of any 12-month period.

ARTICLE 21

NON WAIVER

The failure of the Reinsured or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained herein nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 22

NOTICES AND AGREEMENT EXECUTION

1. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable
2. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:
   a. Paper documents with an original;
   b. Facsimile or electronic copies of paper documents showing an original ink signature; and/or
   c. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record”, “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.
3. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE 23

OFFSET

1. The Reinsured and the Reinsurer shall have the right to offset any balance or amounts due from one party to the other under the terms of this Contract. The party asserting the right of offset may exercise such right any time whether the balances due are on account of premiums or losses or otherwise.
2. Notwithstanding the provisions of paragraph (1) above, a Runoff Reinsurer shall not offset balances as outlined above without the prior consent of the Reinsured.

ARTICLE 24

SERVICE OF SUIT

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory or District of the United States where authorization is required by insurance regulatory authorities.)

1. This Article will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
2. In the event the Reinsurer fails to pay any amount claimed to be due hereunder or fails to otherwise perform its obligations hereunder, the Reinsurer, at the request of the Reinsured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, will comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against any of the Reinsurers upon this Contract, will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

3. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefore, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary hereunder arising out of this Contract.

ARTICLE 25

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 26

TAXES

In consideration of the terms under which this Contract is issued, the Reinsured will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

ARTICLE 27

INTERMEDIARY

Advocate Reinsurance Partners, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including but not limited to notices, statements, premium, return premium, commissions, taxes, losses, Loss Adjustment Expense, salvages and loss settlements) relating to this Contract will be transmitted to the Reinsured or the Reinsurer through Advocate Reinsurance Partners, LLC, 2501 North Harwood Street, Suite 1250, Dallas, Texas 75201. Payments by the Reinsured to the Intermediary will be deemed payment to the Reinsurers. Payments by the Reinsurers to the Intermediary will be deemed payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

EXHIBIT 10.51

ENDORSEMENT NO. 1
to the

EXCESS OF LOSS RETROCESSION CONTRACT
(hereinafter called the "Contract")

EFFECTIVE: JUNE 1, 2012
issued to

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA
(hereinafter called the "Reinsured")
by

MOKSHA RE SPC LTD.
(hereinafter called, with other participants, the "Reinsurers")

Effective June 1, 2013, the Contract has been amended as follows:

ARTICLE 1 – **BUSINESS COVERED** shall now read as follows:

By this Contract the Reinsurer agrees to reimburse the Reinsured for the Ultimate Net Loss arising from Loss Occurrences commencing during the Term of this Contract in respect of the Reinsured's liability under the provisions of the Homeowners Choice Property & Casualty Insurance Company Catastrophe Excess of Loss and Catastrophe Aggregate Excess of Loss Reinsurance Contracts effective June 1, 2012 and June 1, 2013 (hereinafter referred to as the "Original Contracts") as follows:

a. For the contract year effective June 1, 2012:

   i. 100% of the Catastrophe Excess of Loss Reinsurance Contract

   ii. 100% of the Catastrophe Aggregate Excess of Loss Reinsurance Contract

b. For the contract year effective June 1, 2013:

   i. 70.1299% of the Catastrophe Excess of Loss Reinsurance Contract

   ii. 75% of the Catastrophe Aggregate Excess of Loss Reinsurance Contract

The liability of the Reinsurer shall follow that of the Reinsured in every case and shall be subject in all respects to all the general and specific stipulations, clauses, waivers, extensions, modifications and endorsements of the Original Contracts subject to the exclusions set forth in the Exclusions Article, and the other terms and conditions of this Contract as set forth herein.

DOC: June 18, 2012

PARAGRAPH (1) OF ARTICLE 2 – **TERM** shall now read as follows:

This Contract shall become effective at 12:01 a.m., Local Standard Time June 1, 2012, with respect to the Ultimate Net Loss arising from Loss Occurrences payable by the Reinsured under the provisions of the Original Contracts, and shall remain in force until 12:01 a.m., Local Standard Time, June 1, 2014. "Local Standard Time" as used herein shall mean local standard time at the location where the Loss Occurrence commences.

Notwithstanding the above, this Contract may be extended for additional twelve month periods if mutually agreed to by the Reinsured and Reinsurer.

ARTICLE 6 – REINSURANCE PREMIUM shall now read as follows:

For the contract year effective June 1, 2012, the Reinsured shall pay the Reinsurer an annual deposit premium of $4,032,500. The annual deposit premium shall follow the payment schedule of the Original Contracts.

For the contract year effective June 1, 2013, the Reinsured shall pay the Reinsurer an annual deposit premium of $4,253,738. The annual deposit premium shall follow the payment schedule of the Original Contracts. If this Contract is terminated, no deposit premium shall be due after the effective date of termination.

PARAGRAPH (1) OF ARTICLE 7 – CONTINGENT COMMISSION shall now read as follows:

For the contract year effective June 1, 2012, no contingent commission will be paid by the Reinsurer to the Reinsured.

For the contract year effective June 1, 2013, the Reinsurer shall pay the Reinsured a contingent commission equal to 50% of the net profit, if any, accruing to the Reinsurer during the contract year effective June 1, 2013 based on the combined premiums, losses, and expenses.

PARAGRAPH (2) OF ARTICLE 7 – **CONTINGENT COMMISSION** shall now read as follows:

The Reinsurer's net profit for the contract year effective June 1, 2013 shall be calculated in accordance with the following formula, it being understood that a positive balance equals net profit and a negative balance equals net loss:

a. Premiums Earned during the contract year effective June 1, 2013 plus $1,380,250; less

b. Expenses incurred by the Reinsurer equal to 62.611% of Premiums Earned during the contract year effective June 1, 2013; less

c. Loss Incurred during the contract year effective June 1, 2013.

PARAGRAPH (3) OF ARTICLE 7 – CONTINGENT COMMISSION shall now read as follows:

For the contract year effective June 1, 2013, the Reinsured shall calculate the Reinsurer's net profit as of May 31, 2014. Within 30 days after the calculation, the Reinsured shall report the results to the Reinsurer. Such calculation shall be based on cumulative transactions hereunder from June 1, 2013 through the date of calculation. As respects such calculation, any contingent commission shown to be due the Reinsured shall be paid by the Reinsurer as promptly as possible after receipt and verification of the Reinsured's report.

All other Terms and Conditions remain unchanged.

Signed in , on this day of , 20

MOKSHA RE SPC LTD.

BY: _____

TITLE: _____

Signed in , on this day of , 20

CLADDAUGH CASUALTY INSURANCE COMPANY, LTD.
BERMUDA

BY: _____

TITLE: _____

Exhibit 14

Approved October 18, 2012

CODE OF CONDUCT
OF
HCI GROUP, INC.

Application to Employees, Officers and Directors

This Code of Conduct provides rules of conduct for all employees, officers and directors of HCI Group, Inc. and its subsidiaries (collectively referred to as "HCI" or the "Company"). It is not a contract. It imposes no obligations on the Company. Unless the context clearly indicates a different meaning, the term "employee" in this Code of Conduct refers to all employees, including officers and employee-directors. The term "officer" has the meaning set forth in Securities and Exchange Commission Rule 16a-1(f) underlying the Securities Exchange Act of 1934 (which, in general, refers to senior officers who are reporting persons). The term "Board of Directors" refers solely to the Board of Directors of HCI Group, Inc. The term "director" means a member of that body.

Purpose of Code of Conduct

The purpose of this Code of Conduct is to deter wrongdoing and promote—

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and work relationships;
- Full, fair accurate, timely and understandable disclosure in reports and documents that HCI files with, or submits to, the Securities and Exchange Commission and in other public communications HCI makes;
- Compliance with applicable governmental laws, rules and regulations;
- Prompt internal reporting of violations of this Code of Conduct to the appropriate person or persons identified within this Code;
- Understanding of what constitutes fraudulent behavior; and
- Accountability for adherence to this Code of Conduct.

This Code of Conduct and the rules it contains are not intended to be exhaustive or comprehensive. Rather, they supplement and are in addition to rules set forth in the HCI Employee Manual and the other written policies that HCI may issue from time to time. Moreover, this Code of Conduct is merely a guide, as it is not possible to describe in detail all possible unethical or illegal practices. The best method for dealing with ethical and legal issues is to use common sense and to comply with applicable laws.

When faced with a situation or proposed course of action, ask yourself these questions:

- Is it legal?
- Does it comply with HCI's policies, procedures and Code of Conduct?
- How does it affect you and others?
- Does the action make you uncomfortable because it appears to conflict with HCI policy or may be illegal?
- Have you been asked to lie, misrepresent information, deviate from normal procedure without explanation, or keep an action quiet for no apparent reason?
- Would you be proud to explain your actions to your family, friends and co-workers?
- How would you feel if your decision were published in the newspaper?

When in doubt, seek advice.

Sources of Advice

Supervisors and managers are an immediate source of advice. Moreover, the Company's Legal Department is available for questions from employees, officers and directors on any legal, ethical and Code of Conduct matters. Questions may be directed to—

Andy Graham	General Counsel, Legal Department

He will strive to maintain confidentiality.

Consequences of Violating Rules of Conduct

Violators of the rules of conduct set forth in this Code of Conduct will be subject to discipline by the Company, which may include termination of employment. Disciplinary actions are described in the HCI Employee Handbook. When applicable, the Company may also report violators to law enforcement agencies. Waivers of the rules of conduct for officers or directors must be approved by the Board of Directors and must be promptly reported to the Securities and Exchange Commission via Form 8-K. Waivers for other employees may be approved by the general counsel, the chief financial officer or the chief executive officer.

Reporting Violations

You may report potential violations of this Code of Conduct to your supervisor, any officer, any director, the Human Resources Department, the Legal Department or the Audit Committee of the Board of Directors. **Retaliation against anyone who in good faith reports a potential violation of this Code of Conduct is strictly prohibited**. Moreover, HCI employs Ethical Advocate as a means for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. A separate, independently-owned and operated company, Ethical Advocate is a comprehensive and anonymous Internet and

telephone-based reporting tool. Employees and others may report complaints and concerns (including violations of this Code of Conduct) anonymously via the Ethical Advocate website, hcigroup.ethicaladvocate.com or by telephone 877-259-2742 (toll-free). Those who submit complaints or concerns will not be required to reveal their names. To maintain anonymity, it is recommended that Ethical Advocate submissions be made from off-premises systems. All submissions will be routed to the Audit Committee of the Board of Directors and the Company's general counsel.

Rules of Conduct

Employees, officers and directors must comply with the following rules of conduct in connection with their HCI duties.

- **Commit sufficient time to HCI duties**

Explanatory Note: Unless they have a different understanding with the Company, employees and officers should devote substantially all their business time to their HCI duties. They should be free of outside business activities that could interfere with their HCI duties. Non-employee directors should devote sufficient time to make informed, independent decisions and to otherwise fulfill their fiduciary duties. Non-employee directors should from time to time visit informally with the Company's non-senior executives. All directors should limit the number of active, public company boards upon which they serve.

- **Promptly disclose conflicts of interest**

Explanatory Note: A conflict of interest is any material personal activity, investment interest or relationship that could divide loyalty or impair good judgment concerning the Company's best interests. Conflicts of interest occur when an individual's private interest interferes in any way—or even appears to interfere—with the interests of the Company as a whole. Conflicts of interest can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. For example, an employee might have a conflict of interest if the employee has the authority to direct HCI business to a family member or an entity in which the employee or a family member has a more than nominal financial interest. Any substantial interest in a HCI vendor, supplier, large business customer or competitor may be (or appear to be) a conflict of interest. Likewise, loans and loan guarantees from and special investment opportunities offered by such third parties may also present conflict of interest concerns. Sometimes a company that is planning an initial public offering of its stock will as a special investment opportunity offer to sell shares of its stock to selected persons when those shares are not available to the general public.

Employees should disclose conflicts of interest to their immediate supervisor or the Company's general counsel. The chief executive officer and the chief financial officer should disclose conflicts of interest to the Board of Directors. Directors should disclose conflicts of interest to their fellow board members. All related party transactions between the Company and one or more of its officers, directors or major shareholders or any immediate family member of such persons must be disclosed to the Audit Committee for approval or disapproval.

Conflicts of interest may involve a single transaction or be ongoing. In most situations where a conflict of interest (or the appearance of a conflict of interest) exists, the employee or officer having the conflict (or appearance of conflict) should not be the decision maker in that situation. The best course is to avoid altogether conflicts of interest and to avoid even the appearance of a conflict of interest.

- **Comply with the Company's insider trading policy, public disclosure policy and document retention policy**

Explanatory Note: HCI's insider trading, public disclosure and document retention policies are designed to protect both you and HCI. Violations of these policies may constitute criminal acts. Never trade in HCI shares on the open market when you have material inside information that has not been disclosed to the public. Do not disclose material, non-public information to others, privately or publicly (including Internet message boards), without authorization. An explanation of what constitutes "material, non-public information" appears in the "HCI Group, Inc. Insider Trading Policy." Regardless of any time period stated in the document retention policy, never discard or destroy documents (paper or electronic) under subpoena or other information request, or relating to a pending or threatened litigation or government inquiry. Moreover, never, personally, or in conjunction with, or by attempting to influence another person, destroy, alter or conceal, with an improper purpose, any record or otherwise impede any official proceeding.

- **Never use software owned by a third party unless the Company has permission or a license from the owner**

Explanatory Note: The Company's software anti-piracy policy is set forth in the employee manual. Unauthorized installation, copying or use of third-party software is absolutely prohibited. It is the responsibility of each employee to guard against unauthorized installation, copying or use of third-party software in the Company's business.

- **Do not access or view policyholder or other customer information without a valid business purpose**

Explanatory Note: Policyholder and customer information is confidential. You should access, view and use customer information solely to the extent necessary or appropriate to perform your job. You should also safeguard customer information from theft and misuse.

- **Keep the Company fully informed of transactions, risks and contingencies**

Explanatory Note: In most cases, transactions, risks and contingencies are reported in the normal course of business. Here are some examples, however, of items that might come to an employee's attention and might not otherwise be discovered in the normal course of business:

  - Expensive assets, including equipment and software, that have been discarded or are no longer in use;
  - Contracts for goods or services and other commitments the obligations for which have not been reported to the accounting department;
  - Threats of legal or regulatory action;
  - Significant violations of law by HCI or HCI employees (in the course of their employment);
  - Fraud or theft;
  - Significant related party transactions; and
  - Deficiencies in the Company's internal control or disclosure control and procedures.

Employees should promptly report such matters to their immediate supervisors. Alternatively, such matters may be reported via Ethical Advocate, or to the Audit Committee, the Internal Audit Department or corporate legal counsel. The chief executive officer and the chief financial officer should report such matters, when material, to the board of directors and ensure that such matters are disclosed to the public as required by law.

- **Disclose gifts and loans from vendors and others with which HCI does business or is contemplating doing business, except gifts or loans consisting primarily of—**
  - **Promotional items (for example, items of apparel such as shirts and hats, umbrellas or golf balls) that have an aggregate retail value of less than $200.00 and prominently display a HCI logo or the name or logo of the giving party or another related party;**

- **One or more tickets or invitations to a sporting or entertainment event having an aggregate face value of less than $200.00;**
- **Meals or entertainment (including directly related travel and transportation) when the giving party or its representatives are present during the meal or entertainment;**
- **Attendance at, or one or more tickets or invitations to attend, a conference or a sporting, entertainment, educational, charity, awards or social event (including directly related travel and transportation) when the giving party or its representatives will be present at the conference or event; or**
- **Food and other miscellaneous items (other than cash or securities) and loans having a value less than $100.00**

Explanatory Note: Employees, officers and directors may accept occasional promotional items and gifts of food and entertainment from vendors and others in the normal course of business consistent with common courtesy and customary business practice. However, employees, officers and directors should take care to avoid any impairment of independent judgment and the appearance of such impairment. The best course is to receive permission in advance of receiving any gift, or to not accept gifts at all. However, there may be cases where refusing or returning a gift could damage business relations with the giving party. The exceptions provided above refer to each individual gift from individual third parties. However, a series of gifts within a 45 day period from a single third party that when aggregated exceeds the dollar figures set forth above should be disclosed. Employees and officers should not accept loans from vendors except in unusual cases involving convenience. Such loans must be promptly repaid.

Employees and officers (other than the chief executive officer and the chief financial officer) should disclose gifts to their immediate supervisor or the general counsel. The chief executive officer and the chief financial officer should disclose gifts to the Board of Directors. Directors should disclose gifts to their fellow board members.

- **Never solicit or accept gifts, kickbacks or loans in exchange for delivery of HCI business to a vendor, service provider or other party**

Explanatory Note: Employees, officers and directors have a duty of loyalty to HCI. Any solicitation, acceptance or agreement to accept a benefit with intent to violate this duty is called commercial bribery. Commercial bribery is not only a violation of these rules of conduct, but also a crime punishable by imprisonment. As described previously, employees, officers and directors may accept occasional promotional items and gifts of food and entertainment from vendors and others in the normal course of business consistent with common courtesy and customary business practice. The best course is to receive permission in advance of receiving any gift, or to not accept gifts at all.

- **Never attempt to influence an employee, officer or director of another company with a gift, loan, kickback or bribe**

Explanatory Note: Employees, officers and directors of other companies have duties of loyalty to their own companies. Any gift of, offer to give or agreement to give a benefit to a person having such a duty with the intent to influence that person to violate that duty is commercial bribery. Commercial bribery is not only a violation of these rules of conduct, but also a crime punishable by imprisonment. Employees, officers and directors may make gifts to employees, officers and directors of other companies in the normal course of business consistent with customary business practices.

- **Never attempt to influence a public official or governmental employee (including those of foreign governments) with a gift, loan, kickback or bribe**

Explanatory Note: Bribery of public officials and governmental employees is not only a violation of these rules of conduct, but also a crime punishable by imprisonment. Employees, officers and directors may make gifts to public officials and governmental employees consistent with law and customary business practices. However, note that public officials and governmental employees are often subject to stringent requirements regarding the receipt of gifts. The best course is to get permission from the Company before making such gifts.

- **Never attempt to mislead or improperly influence the Company's auditors**

Explanatory Note: Employees, officers and directors should not, in connection with any audit of the Company's financial statements, intentionally make or cause to be made to an independent auditor a materially false or misleading statement or intentionally omit to state, or cause another person to omit to state to an independent auditor, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading. Furthermore, employees, officers and directors should not directly or indirectly take any action to coerce, manipulate, mislead, or fraudulently influence any independent auditor engaged in the performance of an audit or review of the Company's financial statements. Examples of improper conduct include—

- Offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services,
- Providing an auditor with an inaccurate or misleading legal analysis,
- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the issuer's accounting,
- Seeking to have a partner removed from the audit engagement because the partner objects to the issuer's accounting,
- Blackmailing, and
- Making physical threats.

- **Do not take or use HCI property for personal or non-business use, other than incidental use, without permission or authorization**

Explanatory Note: HCI property includes physical and intangible property and includes resources as well as confidential information, customer information, software, office equipment, office supplies, computers, Internet access and telephones. This property should be used for HCI business, not personal use or gain, and should not be taken, sold, loaned, leased, given away, damaged or disposed of without authorization, nor used to commit any fraudulent or illegal acts. Non-business use would include the use of HCI property for charitable or political purposes. Incidental or occasional, minor, personal or non-business use of certain HCI property such as offices, software, office equipment, office supplies, computers, Internet access and telephones is permitted, provided such use does not interfere with the Company's business needs. Personal or non-business use of confidential information or customer information is strictly prohibited.

Employees and officers should seek permission for personal or non-business use from their immediate supervisor. The chief executive officer and the chief financial officer are authorized to use HCI property for personal and non-business use, but should disclose significant personal or non-business use to the Board of Directors. Directors should seek permission for personal or non-business use from the chief executive officer and disclose significant personal or non-business use to their fellow board members.

- **Protect the Company's assets**

Explanatory Note: Employees, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All HCI assets should be used for legitimate business purposes.

- **Keep the Company fully informed of business opportunities discovered through the use of HCI property, information or facilities or in the course of your duties**

Explanatory Note: Employees, officers and directors owe a duty to the Company to advance its legitimate interests. Business opportunities discovered through the use of HCI property, information, or facilities or discovered in the course of an employee, officer or director's duties are HCI property. Employees, officers and directors may not use these opportunities, called "corporate opportunities," for personal use or gain or to compete with the Company without permission or authorization. Officers and directors may be subject to broader definitions of corporate opportunity. Officers and directors should disclose, for example, any business opportunity regardless of how discovered if (i) the opportunity falls within one of the Company's current or expected lines of business, (ii) the opportunity would represent a special value to HCI, or (iii) HCI had an active interest and previous dealings or negotiations in connection with the opportunity. Employees should disclose corporate opportunities to their immediate supervisor, the chief financial officer, the chief executive officer or the corporate legal counsel. The chief executive officer and the chief financial officer should disclose corporate opportunities to the Board of Directors. Directors should disclose corporate opportunities to their fellow board members.

- **Do not falsify or mischaracterize the Company's accounting records**

Explanatory Note: HCI is a publicly held company. As such, it is required by law to (i) keep books, records and accounts that accurately reflect all transactions, (ii) maintain an adequate system of internal accounting controls and (iii) submit to the Securities and Exchange Commission, HCI shareholders, the public, creditors and others financial statements and other disclosures that fairly present the Company's financial condition and the results of its operations. Knowingly submitting false or misleading financial statements may be fraudulent and criminal. Accordingly, since full and fair financial disclosure depends on accurate records, the falsification of any HCI or third-party record is prohibited and may also be criminal.

- **Use reasonable efforts to comply with laws, rules and regulations**

Explanatory Note: Employees, officers and directors should use reasonable efforts to ensure that HCI is in compliance with applicable laws, rules and regulations, including those relating to insurance, securities and antitrust. These laws, rules and regulations are very complicated. The best course is to consult with the legal department before, on behalf HCI, offering or engaging in any relationships or collaborations with other outside entities, including any HCI competitors.

- **Never commit fraud**

Explanatory Note: HCI strictly prohibits fraud in connection with its property, operations or facilities. Fraud is the deliberate use of deception, dishonesty or trickery to secure an unfair or unlawful gain. Fraud may be practiced in many forms. Examples of fraud include the unauthorized use of another's identity or credit to obtain goods or services, embezzlement, the submission of false expense reports, payroll reports, sales reports, invoices, and accounting records, the mischaracterizing of accounting records or related party business relationships, the submission to creditors, shareholders and others of intentionally false or misleading financial information and the falsification or destruction of any record or document to conceal another wrongdoing. Fraud is a criminal offense punishable by imprisonment.

- **Endeavor to deal fairly with anyone connected to HCI**

Explanatory Note: Employees, officers and directors should deal fairly with the Company's customers, policyholders, vendors, agents, competitors and each other. No employee, officer or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice.

- **Maintain the confidentiality and prevent disclosure of the Company's business information and trade secrets**

Explanatory Note: The protection of confidential business information and trade secrets is vital to the interests and the success of HCI. Moreover, as a publicly-held company (that is, a company having shares traded on a stock market) and the owner and operator of a regulated insurance company, HCI is subject to a variety of federal and state laws and regulations regarding information disclosure. Employee, officers and directors should not disclose and should make reasonable efforts to prevent inadvertent and intentional disclosure of confidential information entrusted to them by the Company and its policyholders and other customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its policyholders and other customers, if disclosed.

Here are some examples of confidential information:

- Non-public financial information
- Policyholder information
- Compensation data
- Personal employee information*
- Policyholder lists
- Proposed transactions
- Marketing strategies
- Proposed mergers or acquisitions
- New products research
- Pending projects and proposals
- Product definition and specifications
- Proprietary processes
- Software code (object and source)
- Vendor lists
- Vendor pricing

* You may reveal your own compensation and personal information.

In particular, employees should be aware that it is unlawful to disclose material non-public information about HCI and certain personally identifiable policyholder information.

To prevent disclosure of confidential information, among other things, employees (i) should not share or openly post computer passwords, (ii) should protect documents containing confidential information by storing them in locked cabinets and shredding them when no longer in use and (iii) should promptly report any breach or attempted breach of Company security. Employees entrusted with laptop computers should safeguard those computers and the data they contain from theft and other loss. Do not

physically or electronically remove records from the Company's facilities without permission from a supervisor. Do not post Company information or comment about HCI on public message boards, blogs, chat-rooms, social networking websites or any other electronic forum without Company approval.

- **Cooperate fully with Company investigations**

Explanatory Note: Employees, officers and directors are required to cooperate fully with any Company investigations. During any Company investigation, they should not interfere with, impede or obstruct the investigation, intentionally misrepresent or fail to disclose material facts, attempt to discover anyone cooperating with the investigation or retaliate against anyone involved in the investigation.

- **Answer Company inquiries fully and truthfully**

Explanatory Note: From time to time, HCI may make inquiries of employees, officers and directors regarding various matters unrelated to an investigation. Senior managers, for example, are required to deliver quarterly certifications as to accounting matters, risks and the absence of certain transactions. As another example, officers and directors are required to complete questionnaires regarding their legal, employment, business, education and financial status and history. Employees, officers and directors must answer such inquiries fully and truthfully. Officers and directors have the additional responsibility to promptly disclose to the Company any material changes in the facts or circumstances relating to an inquiry. For example, officers and directors should disclose to the Company any criminal allegations and any Securities and Exchange Commission or Federal Trade Commission enforcement actions against them and any bankruptcy filings by them or by entities they control.

- **Report questionable accounting and auditing matters and violations of these rules of conduct**

Explanatory Note: Employees may report questionable accounting matters and violations of these rules of conduct to their supervisor or to the Company's general counsel.

Employees may also report such matters to the Audit Committee of the Board of Directors:

Audit Committee of HCI Group, Inc.
5300 West Cypress Street
Suite 100
Tampa, Florida 33607

Reports may be made anonymously via the Ethical Advocate website,hcpci.ethicaladvocate.com. See "Reporting Complaints via Ethical Advocate" above.

- **Do not retaliate against any employee, officer or director who in good faith reports a violation or potential violation of these rules or cooperates in any investigation relating to an allegation of fraud**

Explanatory Note: Do not discharge, demote, suspend, threaten, harass or in any manner discriminate against an employee in terms and conditions of employment because of any lawful, good faith act done by the employee to report a violation of these rules of conduct or to provide information, cause information to be provided or otherwise assist an investigation relating to fraud by a regulatory or law enforcement agency or any committee or member of the U.S. Congress or state legislative body.

- **Do not direct others to violate these rules of conduct**
- **Do not use any scheme, artifice or device to avoid, evade or circumvent these rules of conduct**

Explanatory Note: These rules of conduct are merely a guide. Employees, officers and directors should recognize and abide by the general spirit of these rules of conduct, not by a mere technical adherence to their terms. The use of family members, agents or surrogates or a series of transactions to avoid these rules is prohibited.

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paresh Patel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HCI Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2013

/s/ PARESH PATEL
Paresh Patel
Chief Executive Officer
(Principal Executive Officer)

A signed original of this document has been provided to HCI Group, Inc. and will be retained by HCI Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard R. Allen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HCI Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2013

/s/ RICHARD R. ALLEN
Richard R. Allen
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this document has been provided to HCI Group, Inc. and will be retained by HCI Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

Written Statement of the Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Executive Officer of HCI Group, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2013 as filed with the Securities and Exchange Commission on August 7, 2013 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PARESH PATEL

Paresh Patel
Chief Executive Officer
August 7, 2013

A signed original of this document has been provided to HCI Group, Inc. and will be retained by HCI Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Written Statement of the Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Financial Officer of HCI Group, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2013 as filed with the Securities and Exchange Commission on August 7, 2013 (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD R. ALLEN

Richard R. Allen
Chief Financial Officer
August 7, 2013

A signed original of this document has been provided to HCI Group, Inc. and will be retained by HCI Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.