

FLORIDA HEALTH MAINTENANCE ORGANIZATION
CONSUMER ASSISTANCE PLAN

INVESTMENT GUIDELINES

Investments of the Florida Health Maintenance Organization Consumer Assistance Plan (FHMOCAP) shall be limited to low risk, high liquidity instruments.

The investment option of first choice shall be the State of Florida's Treasurer's Special Purpose Investment Account as created in Section 17.61(1), Florida Statutes.

As an alternative, the FHMOCAP may invest in other instruments with a rating of A1P1 or its equivalent. These instruments may include, but are not limited to:

1. **Agency discount notes** – notes issued by various agencies such as the Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Farm Credit Bank (FFCB). These instruments are purchased at a discount and mature at par. They can have a maximum maturity of one year.
2. **Bankers Acceptances** – drafts drawn and accepted by banks that are based upon funds that will pay its face value at maturity. These instruments are issued at a discount and mature at par.
3. **Certificates of Deposits** – debt instruments issued by banks that pay interest periodically or at maturity and principal at maturity. Maturities can range from a few months to a few years.
4. **Agency Notes** (both callable and non-callable) – notes are issued by all the same agencies that issue discount notes. Notes pay interest semi-annually based on the maturity date. These notes range in maturity from one year to twenty years.
5. **Mortgage-Backed** products – issued by FNMA, FHLMC and GNMA. These instruments pay principal and interest monthly and can have maturities ranging from one year to thirty years.

If these alternative investments are utilized, the investment strategy of the FHMOCAP shall be a "laddered approach" to investing which spreads the available funds across various maturities and monitors the general financial conditions of the HMO industry when making investment decisions. However, in no circumstances shall maturities exceed two years.

The Plan Manager is authorized to take advantage of investment opportunities, which fall within these guidelines. Investments shall be reported to the Investment Committee as they occur.

OFFICE OF INSURANCE REGULATION APPROVED JULY 20, 2006