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INSURANCE REGULATION

Docketed by: ve



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

FLORIDA INSURANCE
GUARANTY ASSOCIATION, INC.
2022B ASSESSMENT

CASE NO.: 299727-22

2022B FIGA ASSESSMENT ORDER
(ALL OTHER ACCOUNT)

THIS MATTER came on for consideration upon the submission by the Executive Director of the Florida Insurance Guaranty Association, Inc. (“FIGA”), on behalf of the Board of Directors, to the Office of Insurance Regulation (the “OFFICE”) of FIGA’s certification of the need for an assessment. A copy of the certification is marked “Exhibit A” and attached hereto. The OFFICE, having considered FIGA’s certification and being otherwise duly advised in the premises, hereby finds that:

1. The OFFICE has jurisdiction over the subject matter of, and the parties to this proceeding pursuant to Section 631.57(3)(a), Florida Statutes, and other applicable provisions of the Florida Insurance Code.
2. FIGA is a nonprofit corporation, created by the Legislature, and codified in the Florida Insurance Guaranty Association Act in Sections 631.50 through 631.70, Florida Statutes.
3. Section 631.57(3)(a), Florida Statutes, states:

To the extent necessary to secure funds for the respective accounts for the payment of covered claims, to pay the reasonable costs to administer such accounts, and to secure funds for the account specified in s. [631.55\(2\)\(b\)](#) or to retire indebtedness, including, without limitation, the principal, redemption premium, if any, and interest on, and related costs of issuance of, bonds issued under s. [631.695](#) and the funding of reserves and other payments required under the bond resolution or trust indenture pursuant to which such bonds have been issued, the office, upon certification of the board of directors, shall levy assessments in accordance with subparagraph (f)1. or subparagraph (f)2. Assessments shall be remitted to and administered by the board of directors in the manner specified by the approved plan and paragraph (f). Every assessment shall be a uniform percentage. The assessments levied against any insurer may not exceed in any one calendar year more than 2 percent of that insurer's direct written premiums in this state for the kinds of insurance included within such account.

4. Insurance written in the account designated by Section 631.55(2)(b), Florida Statutes, is hereinafter referred to as "All Other Account."

5. On August 19, 2022, FIGA's Board of Directors certified the need to assess each member insurer in the All Other Account an amount equal to 0.7% of the member's Florida direct written premiums on policies issued or renewed during the requested assessment year beginning on January 1, 2023, and ending on December 31, 2023. The Board has requested that this assessment be levied in accordance with Section 631.57(3)(f)2., Florida Statutes (2022). Member insurers shall either:

A. first collect, and then remit to FIGA, the assessments levied in this Order on a quarterly basis. Assessments collected for the quarter beginning January 1, 2023 and ending March 31, 2023, shall be remitted on or before April 30, 2023; assessments collected for the quarter beginning April 1, 2023 and ending June 30, 2023, shall be remitted on or before July 31, 2023; assessments collected for the quarter beginning July 1, 2023 and ending September 30, 2023, shall be remitted on or before October 30, 2023; and assessments collected for the quarter beginning October 1, 2023 and ending December 31, 2023, shall be remitted on or before January 31, 2024; or

B. make the quarterly payments referenced above, in 5.A., to FIGA equal to the amount of premium written in the previous quarter for the All Other Account multiplied by 0.7% if the member insurers elect not to recoup the assessment.

6. Member insurers will file a reconciliation report with FIGA to remit the actual surcharge amount collected during the assessment year. FIGA shall send a final reconciliation report on all insurers' payments to the OFFICE on or before April 30, 2024.

IT IS THEREFORE ORDERED THAT:

1. FIGA's certification is hereby **APPROVED**.
2. FIGA members shall
 - a. apply a 0.7% assessment on premium written on all new and renewal All Other Account policies issued between January 1, 2023 and December 31, 2023 as required by paragraph 5;
 - b. pay to FIGA a quarterly assessment in accordance with the provisions of paragraph 5 of this Order and further instructions, forms and procedures provided by FIGA; and
 - c. submit an annual reconciliation to FIGA on or before January 31, 2024.

DONE and ORDERED this 26th day of August, 2022.



David Altmaier

David Altmaier
Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Insurers should notify the Office of Insurance Regulation (the "Office") if the assessment would result in the insurer's financial statement reflecting an amount of capital or surplus less than the sum of the minimum amount required by any jurisdiction in which the insurer is authorized to transact insurance.

Pursuant to Section 631.58(3)(g), the Plan of Operation for the Florida Insurance Guaranty Association shall provide that any member insurer aggrieved by any final action or decision of the association may appeal to the Department of Financial Services (the "Department") within thirty (30) days after the action or decision.

The Plan of Operation, Article VII (B) states that any member insurer aggrieved by an action or decision of the association shall appeal to the Board before appealing to the Department. If such member insurer is aggrieved by the final action or decision of the Board, or if the Board does not act on such complaint within thirty (30) days, the member insurer may appeal to the Department within thirty (30) days after the action or decision of the Board or the expiration of the thirty (30) days.

Pursuant to Section 631.59(4), Florida Statutes, the Office may suspend or revoke the certificate of authority to transact insurance in this state of any member insurer which fails to pay an assessment when due or fails to comply with the Plan of Operation. As an alternative, the Office may levy a fine on any member insurer which fails to pay an assessment when due. Such fine may not exceed five (5) percent of the unpaid assessment per month, except that no fine shall be less than one hundred U.S. dollars (\$100) per month.



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August 19, 2022

Commissioner David Altmaier
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0305

RE: FIGA BOARD ASSESSMENT CERTIFICATION

Dear Commissioner Altmaier:

The Florida Insurance Guaranty Association (FIGA) Board of Directors, pursuant to a motion duly made, seconded and adopted on August 19, 2022, at a duly noticed Board Meeting, hereby certifies to the Office of Insurance Regulation (Office) the need for an assessment upon its member insurers. The assessment is necessary to secure funds “for the payment of covered claims, to pay the reasonable costs to administer such accounts” in accordance with Florida Statute 631.57(3)(a). The assessment is needed for the “All Other Account” designated in Section 631.55(2)(b), Florida Statutes.

FIGA’s All Other Account cash balance at July 31, 2022 is currently projecting a deficit. The liquidation of Southern Fidelity Insurance Company resulted in FIGA receiving in excess of 5,000 claims with unpaid losses and return premium in excess of \$178 million. This insolvency materially impacted FIGA’s projected cash flow needs and resulted in the need for Board action.

The Board moved and adopted a motion to certify the need for an assessment on member insurers for 0.7% of the Florida All Other Account direct written premium. The Board requests that member insurers recoup the 0.7% assessment from their policyholders over the Assessment Year starting January 1, 2023 through December 31, 2023. Following the instructions provided by FIGA, members will remit quarterly payments to the association. Assessments collected for the quarter beginning January 1, 2023 and ending March 31, 2023 shall be remitted on or before April 30, 2023; assessments collected for the quarter beginning April 1, 2023 and ending June 30, 2023, shall be remitted on or before July 31, 2023; assessments collected for the quarter beginning July 1, 2023 and ending September 30, 2023, shall be remitted on or before October 30, 2023; assessments collected for the quarter beginning October 1, 2023 and ending December 31, 2023, shall be remitted on or before January 31, 2024. Member insurers will also file a reconciliation report with FIGA to remit the actual surcharge amount collected during the assessment year. This will result in approximately \$168 million in assessments for FIGA for policies beginning January 1, 2023 through December 31, 2023.

Pursuant to Section 631.57(3)(a), Florida Statutes, and FIGA Plan of Operation, the Board requests the Office issue an order:

- 1) Apply a 0.7% assessment on premium written by All Other Account members during the 12-month period beginning January 1, 2023 through December 31, 2023;
- 2) Pay to FIGA quarterly all amounts collected under this assessment on further instructions, forms and procedures provided by FIGA;

The above request meets the 30-day notice requirement for insurers to remit assessment as well as the 90-day notice requirement to implement policy surcharges as set forth in Section 631.57, Florida Statutes. Upon the issuance of the assessment levy, FIGA will notify all member insurers and provide a copy of the Notice of Rights along with instructions for payment remittances and reconciliations.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 386-9200 or direct dial at (850) 523-1803.

Sincerely,



Corey Neal
Executive Director

cc: FIGA Board of Directors