

Florida Insurance Guaranty Association

Assessment FAQ

1) What major changes did Senate Bill 836 have on the FIGA assessment process?

- Defined a new term “Assessment Year” as a 12 month period beginning the 1st day of any calendar quarter (January, April, July and October).
- Created a uniform assessment percentage and recoupment period to be applied by all member insurers thus eliminating individual recoupment rate filings with the OIR.
- Allowed assessments to be due immediately (not less than 30 days) or due in installments from insurance companies (IMMEDIATE vs. INSTALLMENT).
- Required new insurers to make an initial assessment payment based upon a good faith estimate when the IMMEDIATE method is utilized.
- Required insurers to file a final reconciliation report with FIGA after the completion of an assessment year.

2) Who determines if an assessment is due in (not less than) 30 days or can be paid in installments over 12 months?

The association may elect to use the INSTALLMENT method for collecting assessments if it projects having sufficient cash to cover at least six months of claims payments (covered claims include loss claims and unearned premiums). The association will review its cash needs for existing insolvencies as well as estimates for any eminent near term insolvencies to determine its ongoing cash needs. If cash is insufficient to cover six months cash needs the IMMEDIATE method will be utilized. If sufficient cash exists the Board may elect to collect the assessments over time using the INSTALLMENT method. The final determination is at the sole discretion of the Board.

3) What is the assessment obligation for a company that just started doing business and did not write any premiums in the prior year?

If the IMMEDIATE assessment method is utilized new companies are required to provide a good faith estimate of their expected premiums for the assessment year and remit an initial assessment to FIGA. If the INSTALLMENT method is used new companies would operate the same as existing companies.

4) What lines of business are assessable?

Generally speaking, if a claim qualifies as a “covered claim” pursuant to Section 631.54, Florida Statutes, the premium from which it was derived is assessable premium. The law has not

changed what lines of business are assessable in FIGA's two accounts (the "Auto Account" and the "All Other Account".) FIGA covers claims on policies not excluded by Section 631.52, Florida Statute (Fidelity and Surety, Credit, Warranty, Health, Legal, Ocean Marine, Self-insurance, Title, Surplus Lines, Workers Compensation, Investment Risk and Government Guaranteed).

NAIC annual statement assessable premium line:

- Auto Account: 19.1, 19.2, 19.3, 19.4, 21.1, 21.2 and 21.3
- All Other Account: 1, 2.1, 3, 4, 5.1, 5.2, 9, 11, 12, 17.1, 17.2, 18, 22, 26 and 27

5) When are assessment payments due?

Due dates for both IMMEDIATE and INSTALLMENT assessment will be stated in the levy order issued by the Office of Insurance Regulation. If funds are needed right away the assessment will be due in not less than 30 days. If the INSTALLMENT assessment method is used assessments will be due as stated in the levy order. All insurers begin remitting assessments on the same date, as set forth in the levy order.

6) Where do I send my assessment payment?

Assessment payment can be remitted via check or wire transfer.

Check

Florida Insurance Guaranty Association
P.O. Box 14249
Tallahassee, FL 32317

Wire

Florida Insurance Guaranty Association
Acct # 2121080820446
Bank: Wells Fargo Bank
ABA # 121000248

7) Can I remit assessment payment for multiple companies in a group?

Yes, but you are required to provide the NAIC number and assessment amount for each company included in the group payment in the check remittance documentation or in the wire payment detail fields.

8) If the amount due is small can I wait until a subsequent period to make the payment?

Companies are allowed to accumulate assessment payments until the end of the assessment year or such time as the accumulated assessments due reaches \$1,000.

9) How will insurer assessment payments made be reconciled to assessment amounts determined using actual premium written during, and at the conclusion of, the assessment year?

FIGA is working with the Florida Office of Insurance Regulation to add a FIGA assessment reconciliation reporting component similar to the General Emergency Assessment Reporting system (GEAR). Use of the system will simplify the reporting process through the utilization of a familiar reporting platform.

10) What happens if assessments are over / under collected?

The IMMEDIATE assessment method will result in the over / under collections unless premiums in the prior year are identical to premiums in the assessment year. Over / under collections will be minimized using the INSTALLMENT method as remittances are based on actual premiums written rather than estimates. At the conclusion of an assessment year a reconciliation between assessments paid to assessments calculated based on reported written premium will be conducted. If the reconciliation results in an over collection, companies must remit the excess funds to FIGA. If the reconciliation results in an under collection, companies will receive a credit against future assessments.

11) Can a company pay an immediate assessment and not pass it on to policyholders?

Yes, the company can pay assessments without passing them on to policyholders. For example, if the cost of the assessment is less than the cost of making the necessary system changes for billing policyholders it may elect to not pass it on to policyholders. If you elect to not pass on an assessment you cannot recoup at a later date or include as an expense item in a rate filing.

12) When premiums are billed on an installment basis are assessments due when the premiums are written or when an installment is paid?

Assessments are calculated using written premium and are due quarterly coinciding with annual and quarterly statement filings. The assessment can be collected in the down payment or first installment payment the company receives from the policyholder.

13) Is the assessment applicable to endorsements?

Yes. The assessment percentage should be applied to all policies issued, renewed or endorsed during the assessment year.