

Florida Insurance Guaranty Association (FIGA) 2022 Assessment – Effective July 1, 2022

☒ **ACTION ITEM**

- ☐ **New Contract**
- ☐ **Contract Amendment**
- ☐ **Other:**

☐ **CONSENT ITEM**

- ☐ **Contract Amendment**
- ☐ **Existing Contract Extension**
- ☐ **Existing Contract Additional Spend**
- ☐ **Previous Board Approval** _____
- ☐ **Other** _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

- ☐ **Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Purpose/Scope	<p>The Florida Insurance Guaranty Association (FIGA) Board of Directors certified the need for a 1.3% regular assessment on its member insurers at its February 28, 2022, meeting. The assessment is necessary to secure funds for the payment of covered claims related to new insolvencies in FIGA's Other Account. Pending approval, the Florida Office of Insurance Regulation (FL OIR) will levy a 1.30% regular assessment on all covered lines of business except auto pursuant to Section 631.55 (2)(b), Florida Statutes. Citizens and member insurers will be required to collect an equivalent surcharge on new and renewal policies with effective dates beginning July 1, 2022, through June 30, 2023 (Assessment Year).</p> <p>The approval and supporting Order from the FL OIR are expected to be issued before March 31, 2022. Citizens must initiate changes immediately to collect the surcharge from policyholders as described above.</p>
Contract ID	Florida Insurance Guaranty Association (FIGA) 2022 Assessment -Effective July 1, 2022
Budgeted Item	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>N/A</p>
Procurement Method	N/A
Contract Amount	N/A

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Contract Terms	N/A
Committee Recommendation	<p>Staff proposes that the Actuarial and Underwriting Committee review and, if approved, recommend the Board of Governors:</p> <p>a) Provide approval for staff to take appropriate actions necessary to implement the policyholder surcharge and submit payments as described in this Florida Insurance Guaranty Association (FIGA) Action Item and as required by FIGA and the Florida Office of Insurance Regulation (FL OIR). Changes include filing with the FL OIR, system change implementations, updates to supporting documents or forms and other relevant activities.</p>
Board Recommendation from Committee	<p>If approved at its March 22, 2022 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <p>a) Provide approval for staff to take appropriate actions necessary to implement the policyholder surcharge and submit payments as described in this Florida Insurance Guaranty Association (FIGA) Action Item and as required by FIGA and the Florida Office of Insurance Regulation (FL OIR). Changes include filing with the FL OIR, system change implementations, updates to supporting documents or forms and other relevant activities.</p>
Contacts	<p>Kelly Booten, Chief Operating Officer Jennifer Montero, Chief Financial Officer Sarai Roszelle, Senior Director, Product Management Karen Holt, Principal Product Manager</p>

Florida Office of Insurance Regulation Approves FIGA's 1.3% Assessment

The Florida Insurance Guaranty Association (FIGA) has important information to share regarding a new assessment.

Earlier today, the Florida Office of Insurance Regulation (OIR) **approved** FIGA's certification for an additional 1.3% assessment on each member insurer in the All Other Account. The assessment is equal to 1.3% of the member's Florida direct written premium for policies issued or renewed during the Assessment Year beginning on July 1, 2022, and ending on June 30, 2023. The Order is available for download at www.figafacts.com/assessments/.

On March 8, 2022, FIGA's Board of Directors certified the need for a 1.3% assessment to be levied in accordance with Section 631.57(3)(f)2, Florida Statutes. Member insurers shall first collect, and then remit to FIGA on a quarterly basis. FIGA member insurers are required to file a reconciliation report no later than September 30, 2023.

FIGA will hold a public workshop for its member insurers in March 2022 to explain reporting and policyholder disclosure requirements related to this assessment.

2022 Assessment Update

Update: See OIR's [Order](#) to levy 2022 FIGA Assessment for All Other Account.

On **March 8, 2022**, the FIGA Board of Directors approved a **1.3% assessment** on its members. FIGA's new assessment is necessary to secure funds for the payment of covered claims relating to the liquidation of St. Johns Insurance Company.

On **March 11, 2022**, The Florida Office of Insurance Regulation levied a 1.3% assessment on all covered lines of business except auto pursuant to Section 631.55 (2)(b), Florida Statutes. Member insurers will collect then remit assessments to FIGA on a quarterly basis as per Section 631.57(3)(f)2, Florida Statutes. FIGA members will be able to recoup the 1.3% assessment from their policyholders over the Assessment Year starting July 1, 2022, through June 30, 2023.

This assessment is in addition to FIGA's .70% assessment levied by Florida Office of Insurance Regulations back on October 11, 2021.

FIGA plans to hold a public workshop during March 2022 to explain the reporting and remittance process for both its assessments.

FILED

MAR 11 2022

INSURANCE REGULATION
Docketed by: 



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

FLORIDA INSURANCE
GUARANTY ASSOCIATION, INC.
2022 ASSESSMENT

CASE NO.: 293027-22

2022 FIGA ASSESSMENT
(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 March 8, 2022, FIGA's Board of Directors certified the need to assess each member insurer in the All Other Account an amount equal to 1.3% of the member's Florida direct written premiums on policies issued or renewed during the requested assessment year beginning on July 1, 2022, and ending on June 30, 2023. The Board has requested that this assessment be levied in accordance with Section 631.57(3)(f)2., Florida Statutes. Member insurers shall first collect, and then remit to FIGA, the assessments levied in this Order on a quarterly basis. Assessments collected for the quarter beginning July 1, 2022 and ending September 30, 2022, shall be remitted on or before October 30, 2022; assessments collected for the quarter beginning October 1, 2022 and ending December 31, 2022, shall be remitted on or before January 30, 2023; assessments collected for the quarter beginning January 1, 2023 and ending March 31, 2023, shall be remitted on or before April 30, 2023; and assessments collected for the quarter beginning April 1, 2023 and ending June 30, 2023, shall be remitted on or before July 30, 2023.


6. Member insurers will file one or more reconciliation reports with FIGA as requested by FIGA. FIGA shall send a final reconciliation report on all insurers' payments to the OFFICE on or before October 30, 2023.

IT IS THEREFORE ORDERED THAT:

1. FIGA's certification is hereby **APPROVED**.
2. FIGA members shall
 - a. apply a 1.3% assessment on premium written on all new and renewal All Other Account policies issued between July 1, 2022 and June 30, 2023;
 - b. pay to FIGA an 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 September 30, 2023.

DONE and ORDERED this 11 day of March, 2022.




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.

Exhibit A



Commissioner
Office of Insurance Regulation

RECEIVED

MAR 10 2022

P.O. Box 14249
Tallahassee, Florida 32317

Telephone (850) 386-9200
Toll free (800) 988-1450
Facsimile (850) 523-1887

Website: www.figafacts.com

March 10, 2022

Commissioner David Altmaier
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0310

RE: FIGA BOARD ASSESSMENT CERTIFICATION

Dear Commissioner Altmaier:

Thank you for your letter dated March 2, 2022 asking the Board of Directors of the Florida Insurance Guaranty Association (FIGA) to withdraw the FIGA assessment certification we submitted in our March 1, 2022 correspondence to you, and asking us to consider other alternatives available to FIGA under the Florida Statutes. Originally, the Board proposed that the entire 2022 assessment be paid by FIGA members with up-front payments remitted no later than April 15, 2022, as allowed under Section 631.57(3)(f)1 Florida Statutes. As a result of the current property market conditions in Florida, you requested that the Board set a meeting to consider an alternative approach with a short-term financing option to lessen the financial and operational impacts on member insurers.

The Board met on March 8, 2022 to discuss assessment options under the FIGA statute, and adopted a motion to submit to you this certification to request that member insurers remit assessments to FIGA quarterly during the recoupment period as per Section 631.57(3) (f)2. No initial payments will be required up front from insurers. The Board again certified the need for an assessment on each member in the All Other Account for an amount equal to 1.3% of the member's Florida direct written premium. Member insurers will be able to first collect, and then remit, the 1.3% assessment from their policyholders over the Assessment Year starting July 1, 2022 through June 30, 2023. Following the instructions provided by FIGA, members will remit quarterly payments to the association. Member insurers will also file one or more reconciliation reports with FIGA.

As part of the Board's official action, FIGA intends to borrow up to \$250 million through conventional financing to assure it can timely meet its obligations under the statute and the various liquidation orders and transition plans ordered by the court.

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

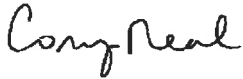
- 1) apply a 1.3% assessment on premium written by All Other Account members during the 12-month period beginning July 1, 2022 through June 30, 2023;

- 2) pay to FIGA quarterly all amounts collected under this assessment on further instructions, forms and procedures provided by FIGA;
- 3) submit an annual reconciliation to FIGA on or before September 30, 2023.

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,

A handwritten signature in black ink that reads "Corey Neal". The signature is written in a cursive, flowing style.

Corey Neal
Executive Director

cc: FIGA Board of Directors