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INSURANCE REGULATION
Docketed by: ke

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

FLORIDA INSURANCE
GUARANTY ASSOCIATION, INC.
2022 ASSESSMENT

CASE NO.: 286582-21

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 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 26, 2021, FIGA's Board of Directors certified the need to assess each member 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 calendar year 2022 (the assessment year). The Board has requested that members remit assessments in quarterly installments. The first quarterly installment is due on or before July 1, 2022, the second quarterly installment is due on or before October 1, 2022, and the third quarterly installment is due on or before December 1, 2022. Member insurers will remit the fourth quarterly installment for the remaining assessment surcharges collected along with a 2022 direct written premium verification report to FIGA on or before March 31, 2023 to confirm installments collected and remitted reflect accurate amounts for the 2022 assessment year.

IT IS THEREFORE ORDERED THAT:

1. FIGA's certification is hereby **APPROVED**.
2. FIGA members shall
 - a. 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.
 - b. apply a 0.7% policy surcharge to premium on all new and renewal All Other Account policies issued between January 1, 2022 and December 31, 2022.

DONE and **ORDERED** this 11th day of October, 2021.



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.



**FLORIDA
INSURANCE GUARANTY
ASSOCIATION, INC.**
A Florida Nonprofit Corporation

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Website: www.figafacts.com

August 27, 2021

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 26, 2021, 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 last All Other Account assessment was levied in 2012. Since that time, FIGA has had adequate resources to resolve claims relating to insolvencies from 2012 and prior, as well as nearly 4,500 claims from 3 insolvencies occurring between 2012 and 2021. The 2021 liquidations of American Capital Assurance Corporation and Gulfstream Property & Casualty Insurance Company resulted in FIGA receiving in excess of 1,300 claims with unpaid losses and return premium in excess of \$415 million. These two insolvencies materially impacted FIGA’s projected cash flow needs and resulted in the need for Board action. FIGA’s All Other Account cash position at July 31, 2021 is \$175.4 million while outstanding claim reserves are \$322.1 million, resulting in a current deficit of \$142.7 million, and the deficit is projected to increase to \$226.4 by year end 2021, with the addition of Gulfstream unearned premiums and claims.

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 remit assessments in three equal installments on or before July 1st, October 1st and December 1st 2022. Estimated installments will be calculated and billed using prior year direct written premium reported by each member. Member insurers will file a reconciliation report with FIGA to remit actual surcharge amount collected during the assessment year. This will result in approximately \$168 million in assessments for the FIGA for policies beginning January 1, 2022 through December 31, 2022.

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

- 1) levying a 0.7% assessment on member insurers All Other Account premiums for the 12-month assessment year of January 1, 2022 through December 31, 2022;
- 2) requiring member insurers to apply a 0.7% policy surcharge to premium on all new and renewal All Other Account policies issued during the assessment year;
- 3) requiring member insurers to remit estimated assessment installments on or before July 1st, October 1st and December 1st 2022; and
- 4) requiring member insurers to submit an annual reconciliation using the Annual Surcharge Reconciliation Affidavit prescribed by the FIGA on or before March 31, 2023 (90 days).

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) 523-1802.

Sincerely,



Thomas D. Streukens
Executive Director

cc: FIGA Board of Directors