



Assessment Workshop

September 21, 2022

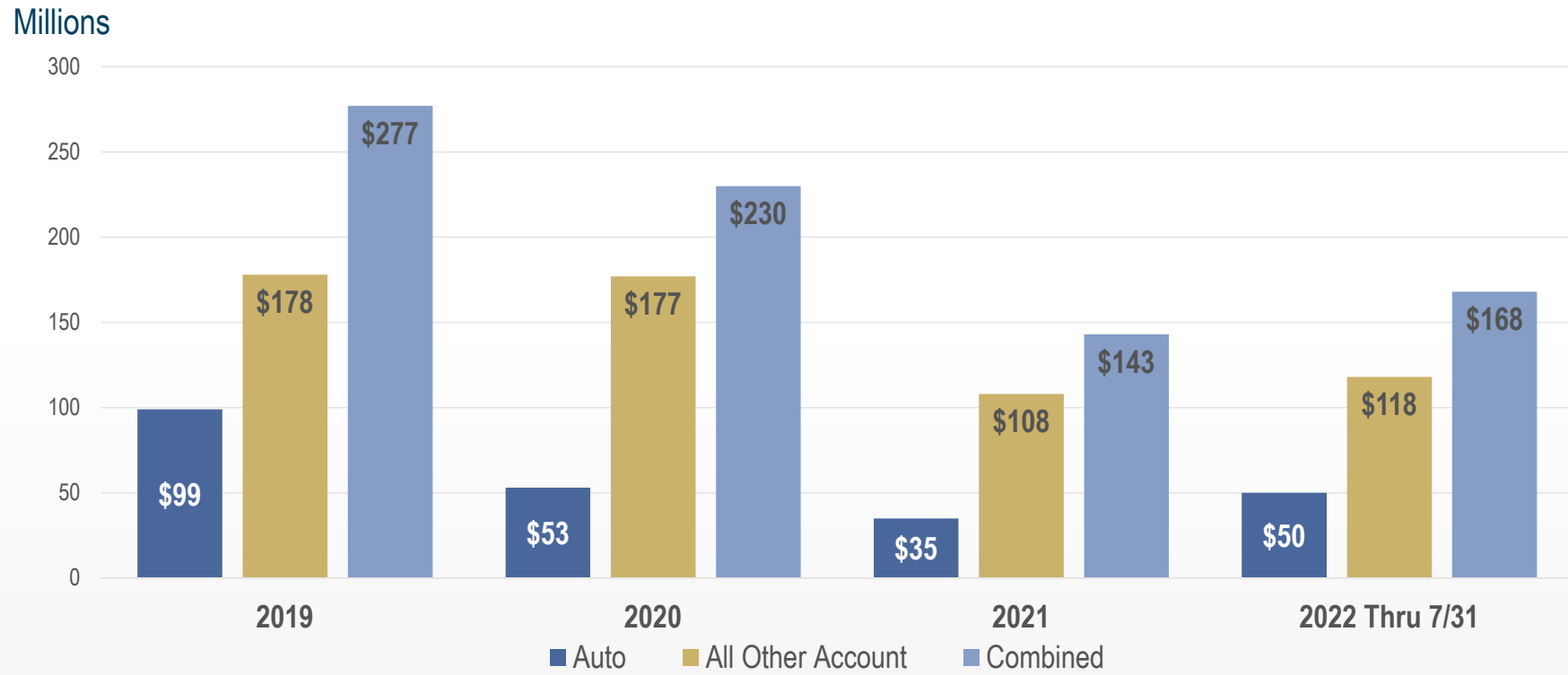
Today's Agenda

- FIGA Overview
- Funding Sources and Balances
- Assessment Capacity
- 2021, 2022 and 2022B Assessment Recap
- Assessable Lines of Business
- Reporting and Remittance Schedule
- FAQ's and Participant Questions

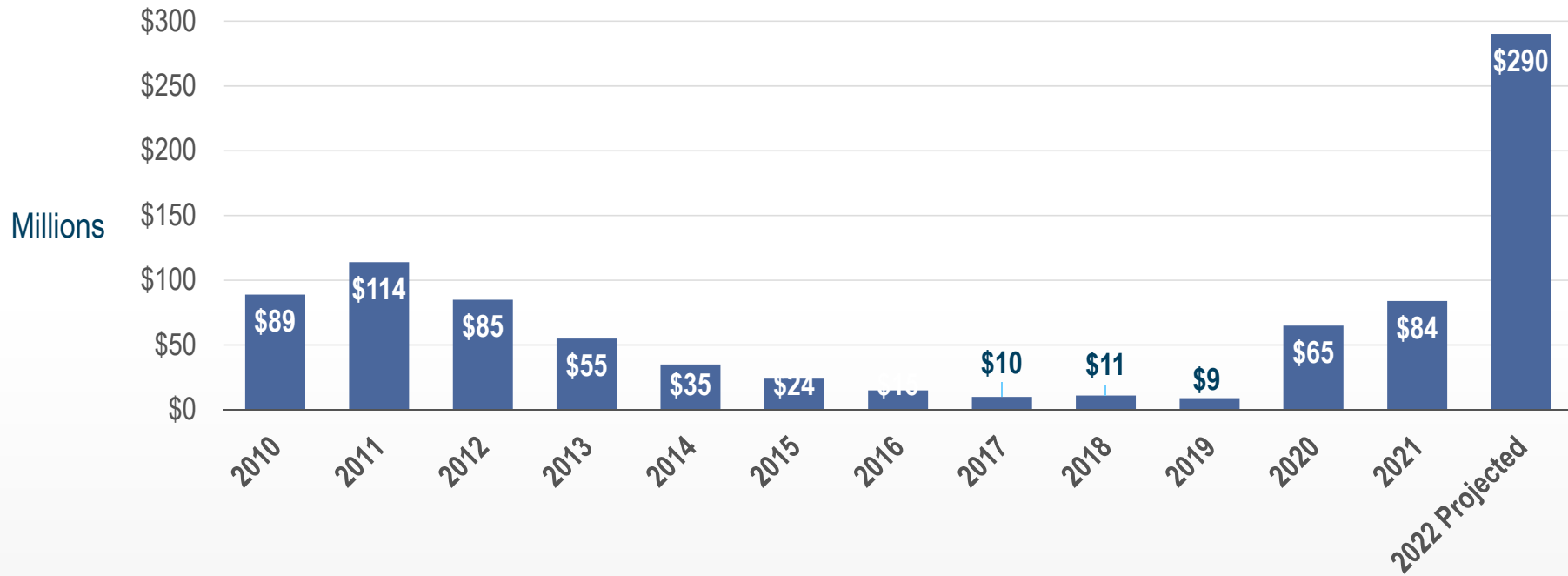
FIGA Overview

- The Florida Insurance Guaranty Association (FIGA) was created in 1970 to **ensure that insurance contracts are honored after an insurance company fails**
- **631.51, Florida Statutes** (the “**FIGA Act**”)
- Membership is **mandatory** for all insurers authorized to transact business in Florida
- Organized into **two separate accounts** (Auto and All Other)
- Governed by **nine (9) member Board of Industry Representatives** serving 4 year terms
- Managed by **American Guaranty Fund Group, Inc.** located in Tallahassee, Florida
- www.figafacts.com

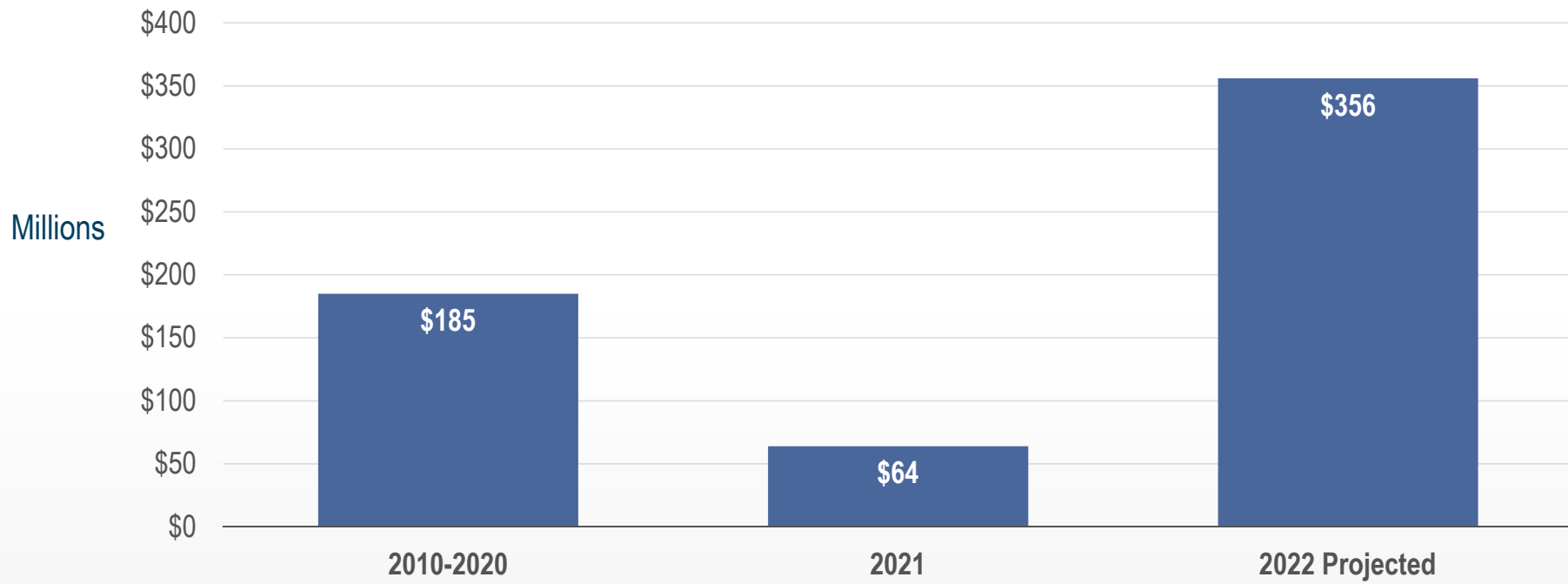
FIGA Available Balance (2019 - 2022)



Claim Payments (2010 - 2022)



Return Premiums (2010 - 2022)



2022 Insolvencies

Expected FIGA losses for all new insolvencies are \$573 million (\$217 million claim losses and \$356 million for premium refunds)

- **St. Johns Insurance Company 2/25/2022**

- Expected FIGA losses for St Johns are **\$227 million** (\$57 million claim losses and \$170 million for premium refunds)

- **Avatar Property & Casualty 3/15/2022**

- Expected FIGA losses for Avatar are **\$75 million** (\$45 million claim losses and \$30 million for premium refunds)

- **Lighthouse Property Insurance Corporation 4/28/2022**

- Expected FIGA losses for Lighthouse are **\$45 million** (\$15 million claim losses and \$30 million for premium refunds)

- **Southern Fidelity Insurance Company 6/15/2022**

- Expected FIGA losses for Southern Fidelity are **\$181 million** (\$90 million claim losses and \$91 million for premium refunds)

- **Weston Property & Casualty Insurance Company 8/8/2022**

- Expected FIGA losses for Weston are **\$45 million** (\$10 million claim losses and \$35 million for premium refunds)

Funding Sources

- **Primary funding sources** for FIGA are:
 - Assessments
 - Estate Distributions
 - Investment Income
- Until recently, FIGA was **largely funded through Estate Distributions**
 - **\$181 Million or 88%** over the last 5 years (2017 – 2021)
- Estate distributions are made by the Receiver **if funds are available**
- FIGA projects \$659M in Assessment Collections for 2022-2024
- FHCF reimbursements to insolvent insurers are **sent directly to FIGA**

Assessment Capacity

- FIGA assessments apply to a **broad range of insurance lines** (Auto, Homeowners, Commercial lines)
- 2022 Projected Assessment Base **\$24 Billion**
- Regular Assessment => Up to **2% per year** on each insurer's **Direct Written Premium**
- Emergency Assessment => **Additional 4% per year** to pay claims of insurers rendered insolvent by effects of a hurricane
- Over **\$1.5 Billion in Assessment Capacity**

2021 - 2022 Assessments

- OIR levied .70% surcharge on policies starting January 1, 2022 through December 31, 2022 (**2021 Pass Through Assessment**)
- OIR levied another 1.3% surcharge on policies starting July 1, 2022 through June 30, 2023 (**2022 Pass Through Assessment**)
- OIR levied another .70% surcharge on policies starting January 1, 2023 through December 31, 2023 (**2022B Assessment**)

Dates	Assessments in Effect	Total Assessment %
01/01/2022-06/30/2022	2021 0.7%	0.7%
07/01/2022-12/31/2022	2021 0.7 2022 1.3%	2.0%
01/01/2023-06/30/2023	2022 1.3% 2022B 0.7%	2.0%
07/01/2023-12/31/2023	2022B 0.7%	0.7%

Assessable Lines of Business

The 2021 Assessment 0.7%, 2022 Assessment 1.3%, & the 2022B 0.7% Assessment are for FIGA's All Other Account and includes the following lines of business:

- Aircraft
- Boiler & Machinery
- Burglary & Theft
- Commercial Multi-peril, Liability and Property (Non-Auto)
- Farm Owners, Private Crop
- Fire, Allied, Earthquake, Homeowners, Personal Liability
- Inland Marine, Watercraft
- Medical Malpractice
- Product Liability
- Private Flood

Breakdown by Line #: https://figafacts.com/wp-content/uploads/2022/01/2022-Assessment-FAQ-01112022_ExhibitA.pdf

FIGA Assessment Due Dates

Thirty days prior to the payment due date, FIGA will send a DocuSign form to Members for reporting Direct Written Premium and the surcharge amounts collected. Forms are returned and remit amounts are paid to FIGA.

Members will remit surcharges collected to FIGA as follows:

Collection Period	2021 0.7%	2022 1.3%	2022B 0.7%
1/1/22 – 3/31/22 (22Q1)	07.01.2022		
4/1/22 – 6/30/22 (22Q2)	10.01.2022		
7/1/22 – 9/30/22 (22Q3)	12.01.2022	10.30.2022	
10/1/22 – 12/31/22 (22Q4)	03.31.2023	01.30.2023	
1/1/23 – 3/31/23 (23Q1)	04.30.2023	04.30.2023	04.30.2023
4/1/23 – 6/30/23 (23Q2)	07.31.2023	07.30.2023	07.31.2023
7/1/23 – 9/30/23 (23Q3)	10.31.2023	10.30.2023	10.30.2023
10/1/23 – 12/31/23 (23Q4)	01.31.2024	01.30.2024	01.31.2024

FIGA Assessment Due Dates (Continued)

Members will remit surcharges collected to FIGA as follows:


Collection Period	2021 0.7%	2022 1.3%	2022B 0.7%
1/1/24 – 3/31/24 (24Q1)		04.30.2024	04.30.2024
4/1/24 – 6/30/24 (24Q2)		07.30.2024	07.31.2024
7/1/24 – 9/30/24 (24Q3)			10.30.2024
10/1/24 – 12/31/24 (24Q4)			01.31.2025
OIR Annual Reconc.	06.30.2023	09.30.2023	01.31.2024
Final Settlement	03.31.2024	07.30.2024	01.31.2025

Quarterly Surcharge Remittance (QSR)

- DocuSign form and instructions received
- Enter the company and contact information
- Quarterly reporting period will be listed
- Assessment year will be listed on the form
- Report assessable premium collected for the assessment year in the quarter listed, form calculates surcharge due
- If a difference is found from prior quarter (over or under payment), reported as balance forward
- Amount due is Total Assessment surcharge collected & remitted plus/minus the balance forward amount
- Certify amounts reported with the electronic signature
- **The 2021 Assessment 0.7% and 2022B Assessment 0.7% will be combined into one DocuSign Envelope, but two separate documents (pages) within the Envelope.**
- **The 2022 Assessment 1.3% will be sent in a separate DocuSign Envelope.**

Florida Insurance Guaranty Association

FOR REFERENCE ONLY. THIS REMITTANCE WILL BE DISTRIBUTED VIA DOCUSIGN AND MUST BE SUBMITTED VIA THAT PLATFORM.



FIGA
FLORIDA INSURANCE GUARANTY ASSOCIATION

FIGA 0.70% Assessment [All Other Account]
Q2 2022 Quarterly Surcharge Remittance
 Remittance + Payment DUE 10/01/2022

COMPANY NAME:		
GROUP:		
NAIC:	CONTACT NAME:	
ADDRESS:	TITLE:	
ADDRESS 2:	PHONE NUMBER:	
CITY:	PHONE EXT.:	
STATE:	ZIP:	EMAIL:

REPORTING QUARTER:	ASSESSMENT YEAR <small>Policy Effective (Inception) Date Range</small>	ASSESSMENT CALCULATION <small>(See Instructions)</small>
	(1) DIRECT ASSESSABLE PREMIUMS COLLECTED	
	(2) ASSESSMENT/SURCHARGE RATE	
	TOTAL ASSESSMENT SURCHARGE COLLECTED & REMITTED (1 * 2)	
	BALANCE FORWARD	
	AMOUNT DUE (CREDITED)	

If the company indicated above **WILL NOT WRITE ANY PREMIUM DURING THIS ASSESSMENT PERIOD**, please contact us at (850) 386-9200 or send an email to assessments@aafgroup.org to suspend subsequent quarterly reporting. Please note that the Annual Surcharge Reconciliation reporting **WILL STILL BE REQUIRED**.

The undersigned certifies that this remittance has been examined and is, to the best of the undersigned's knowledge, accurate, complete and made in good faith.

Authorized Representative:	Title:	Date:
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Assessment Payment/Remittances

- Make note of the payment/remittance instructions on the DocuSign forms.
- Each assessment should be remitted with a separate payment.
- **Because of financing requirements, Assessment 2022 1.3% will be remitted to a bank trustee.**
- **Beginning April 30, 2023, the 2021 and 2022B 0.7% Assessments will be remitted to a bank trustee. This will be remitted to a different account from the 2022 1.3% Assessment.**
- **DocuSign Remittance Guide:**
<https://figafacts.com/wp-content/uploads/2022/06/FIGA-Assessment-QSR-Reporting-Guide.pdf>

Most Frequently Asked Questions

- Are there any filings due to the Office of Insurance Regulation (OIR) with regards to the Assessments?

No filings are required.

- Is our company required to recoup the Surcharge?

OIR required member companies to recoup the surcharge from their policyholders in the 2021 and 2022 orders. The 2022B order provided the option for member companies to recoup the surcharge from their policyholders or elect to not recoup the surcharge. HB1023, which went into effect on July 1, 2022, authorizes insurers to elect not to recoup advance assessments paid to FIGA.

- Do the Assessments have to be listed separately to policyholders?

There is no preference from FIGA. This is a business decision for all members.

- Is the FIGA Assessment refundable to policyholders?

Yes, the FIGA Assessment is refundable and should be refunded on a pro-rata basis.

- Does a Consumer Certificate of Exemption apply as an exemption to the assessment?

No. The FIGA assessment is not considered a sales tax.

Most Frequently Asked Questions

- If a policy is a multi-year policy (ex. effective 8/1/2021 through 8/1/2023), do we assess on the second year of the policy?

No. The assessment is based on the effective date of the entire policy. The effective date in this example is 8/1/2021 and therefore the assessment does not apply. If the effective date was 8/1/2022 through 8/1/2024, then the assessment would apply to the entire amount of the policy premium for the multi-year term.

- Does the assessment apply to endorsements?

Yes. The assessment applies to endorsements that are made to policies with an effective date within the assessment year.

- Should the annual premium written amount reported to FIGA agree to the written premiums that we have reported to OIR for the annual report?

No. The assessment is based on a policy year and the annual report is based on a calendar year.

Most Frequently Asked Questions

- Are the assessments additive, or do the new levies override the previous levy? *The FIGA Assessments are additive.*

Levy	Assessment Year	
	Start Date	End Date
2021 Assessment 0.7%	1/1/2022	12/31/2022
2022 Assessment 1.3%	7/1/2022	6/30/2023
2022B Assessment 0.7%	1/1/2023	12/31/2023

Policy Effective Dates		Total Assessment Amount
1/1/2022	6/30/2022	0.7%
7/1/2022	6/30/2023	2.0%
7/1/2023	12/31/2023	.70%

Next Steps

- Members update programming as needed and collection/remittance of surcharge
- Update your member information with FIGA if needed
- Look for DocuSign QSR forms and remittance instructions 30 days in advance of the due dates of the Assessments.
- Contact us if you have any questions or need assistance

QUESTIONS?



How to Contact Us

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