Representative Smith, D. offered the following:

**Amendment (with title amendment)**

Remove line 1323 and insert:

Section 41. Effective upon this act becoming a law, section 626.8621, Florida Statutes, is created to read:

626.8621 Adjustments by guaranty association employees.—

(1) An employee of the Florida Insurance Guaranty Association, created under part II of chapter 631, may adjust losses for the association if such employee holds, or has held within the past 10 years, licensure in this state which allows for the adjustment of such losses.
(2) An employee of a guaranty association established by another state and whose insurance regulators are members of the National Association of Insurance Commissioners may adjust losses for the Florida Insurance Guaranty Association. The authorization for such employees to adjust losses must be included in a contract with the Florida Insurance Guaranty Association and the employee's guaranty association or association's authorized representative. The Florida Insurance Guaranty Association shall contract only for employees of other state guaranty associations who maintain the appropriate experience and training for adjusting such claims.

Section 42. Effective upon this act becoming a law, subsections (1), (2), and (3) of section 631.914, Florida Statutes, are amended to read:

631.914 Assessments.—

(1)(a) To the extent necessary to secure the funds for the payment of covered claims, and also to pay the reasonable costs to administer the same, the Office of Insurance Regulation, upon certification by the board, shall levy assessments on each insurer initially estimated in the proportion that the insurer's net direct written premiums in this state bears to the total of said net direct written premiums received in this state by all such workers' compensation insurers for the preceding calendar year. An insurer shall fully recoup assessments by applying the uniform surcharge percentage levied by the office to all
policies of the same kind or line as were considered by the
office in determining the assessment liability of the insurer.
Assessments levied against insurers and self-insurance funds
pursuant to this paragraph must be computed and levied on the
basis of the full policy premium value on the net direct written
premium amount as set forth in the state for workers'
compensation insurance without consideration of any applicable
discount or credit for deductibles. An insurer’s direct written
premium calculated for the purposes of determining the insurer’s
assessment or policyholder surcharge may not be reduced by any
discount or credit for deductibles in a policy or by any premium
adjustment to a retrospectively rated policy. Insurers and self-
insurance funds must report premiums in compliance with this
paragraph, and the association may audit the reports.
Assessments shall be remitted to and administered by the board
of directors in the manner specified by the approved plan of
operation and paragraph (d). Each assessment shall be a uniform
percentage applicable to the net direct written premiums of each
insurer writing workers’ compensation insurance. Assessments
levied against insurers and self-insurance funds shall not
exceed in any calendar year more than 2 percent of that
insurer's net direct written premiums in this state for workers'
compensation insurance.

(b)(c) If assessments otherwise authorized in paragraph
(a) are insufficient to make all payments on reimbursements then
owing to claimants in a calendar year, then upon certification by the board, the office shall levy additional assessments of up to 1.5 percent of the insurer's net direct written premiums in this state.

(c) The office shall levy the uniform surcharge percentage on all policies of the same kind or line as were considered by the office in determining the assessment liability of the insurer. Member insurers shall collect policyholder surcharges at a uniform percentage rate on new and renewal policies issued and effective during the period of 12 months beginning on January 1, April 1, July 1, or October 1, whichever is the first day of the following calendar quarter as specified in an order issued by the office directing insurers to pay an assessment to the association. The policyholder surcharge may not begin until 90 days after the board of directors certifies the assessment.

(d) The association may use an installment method to require the insurer to remit the policyholder surcharge assessment as premium is collected or may require the insurer to remit the assessment to the association before collecting the policyholder surcharge. If the assessment is remitted before the surcharge is collected, the assessment remitted must be based on an estimate of the assessment due based on the proportion of each insurer's net direct written premium in this state for the preceding calendar year as
described in paragraph (a) and adjusted following the end of the 12-month period during which the assessment is levied.

1. If the association elects to use the installment method, the office may, in the order levying the assessment on insurers, specify that the policyholder surcharge assessment is due and payable quarterly as premium is collected throughout the assessment year. Insurers shall collect policyholder surcharges at a uniform percentage rate specified by order as described in paragraph (c) (b). Insurers are not required to advance funds if the association and the office elect to use the installment option. Assessments levied under this subparagraph are paid after policyholder policy surcharges are collected, and the recognition of assets is based on actual premium collected written offset by the obligation to the association.

2. If the association elects to require insurers to remit the assessment before surcharging the policyholder, the following shall apply:

   a. The assessment remitted must be based on an estimate of the assessment due based on the proportion of each insurer's direct written premium in this state for the preceding calendar year as described in paragraph (a).

   b. The levy order shall provide each insurer so assessed at least 30 days' written notice of the date the initial assessment payment is due and payable by the insurer.
c. Insurers shall collect policyholder surcharges at a uniform percentage rate specified by the order, as described in paragraph (c) (b).

d. Assessments levied under this subparagraph and are paid by an insurer constitute advances of funds from the insurer to the association before policy surcharges are billed and result in a receivable for policyholder policy surcharges to be billed in the future. The amount of billed policyholder surcharges, to the extent it is likely that it will be realized, meets the definition of an admissible asset as specified in the National Association of Insurance Commissioners' Statement of Statutory Accounting Principles No. 4. The asset shall be established and recorded separately from the liability. If an insurer is unable to fully recoup the amount of the assessment, the amount recorded as an asset shall be reduced to the amount reasonably expected to be recouped.

3. Insurers must submit a reconciliation report to the association within 120 days after the end of the 12-month assessment period and annually thereafter for a period of 3 years. The report must indicate the amount of the initial payment or installment payments made to the association and the amount of policyholder surcharges collected written premium pursuant to paragraph (a) for the assessment year. If the insurer's reconciled assessment obligation is more than the amount paid to the association, the insurer shall pay the excess...
policyholder surcharges collected to the association. If the insurer's reconciled assessment obligation is less than the initial amount paid to the association, the association shall return the overpayment to the insurer.

(2) Policyholder surcharges collected Assessment levied under this section are not premium and are not subject to any premium tax, fees, or commissions. Insurers shall treat the failure of an insured to pay policyholder assessment-related surcharges as a failure to pay premium. An insurer is not liable for any uncollectible policyholder assessment-related surcharges levied pursuant to this section.

(3) Assessments levied under this section may be levied only upon insurers. This section does not create a cause of action by a policyholder with respect to the levying of an assessment or a policyholder's duty to pay assessment-related policyholder surcharges.

Section 43. Except as otherwise expressly provide in this

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T I T L E  A M E N D M E N T

Remove line 117 and insert:
termination of the task force; creating s. 626.8621, F.S.; authorizing an employee of the Florida Insurance Guaranty Association or an employee of a guaranty association of another state to adjust losses for the

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Florida Insurance Guaranty Association if certain conditions are met; amending s. 631.914, F.S.; revising requirements for the Office of Insurance Regulation in levying assessments on workers' compensation insurers; requiring such insurers to recoup the assessments by applying a certain surcharge percentage to certain policies; providing that an insurer's direct written premium may not be reduced by certain amounts for the purposes of determining insurer assessments or policyholder surcharges; authorizing the Florida Workers' Compensation Insurance Guaranty Association to audit certain reports; revising requirements for remitting policy surcharges and assessments; conforming cross-references; providing that assessments paid by an insurer constitute advances of funds to the association under certain circumstances; revising the requirements for the insurers' reconciliation reports to the Florida Workers' Compensation Insurance Guaranty Association; revising construction; providing effective...