

Committee on Banking and Insurance

CS/SB 836 — Florida Insurance Guaranty Association

by Banking and Insurance Committee and Senator Latvala

The bill revises provisions governing the Florida Insurance Guaranty Association (FIGA), which provides a mechanism for the payment of covered claims, including unearned premiums, of insolvent property and casualty insurance companies. After an insolvency occurs, FIGA determines if an assessment is needed to pay claims, administrative costs, or bonds issued by FIGA and certifies the need for an assessment levy to the Office of Insurance Regulation (OIR). Then OIR reviews the certification, and if it is sufficient, issues an order to all insurance companies to pay their assessment to FIGA. Generally, insurers must pay regular assessments within 30 days of the levy, and emergency assessments can be paid in a single payment, or over 12 months, at the option of FIGA. For both types of assessments, once an insurance company pays the assessment to FIGA, it may begin to recoup the assessment from its policyholders at policy issuance or renewal. The bill provides the following changes:

- The bill creates a uniform assessment percentage to be collected from policyholders.
- The bill authorizes FIGA to use a monthly installment method for the collection of emergency or regular assessments from insurers in addition to the current pay and recoup method or a combination of both.
- The bill streamlines the reconciliation of collections and eliminates a regulatory filing with OIR.
- The bill codifies OIR's interpretation of an admissible asset for purposes of statutory accounting treatment of FIGA assessments.
- The bill exempts regular assessments from the insurance premium tax. Currently, emergency assessments are exempt from the insurance premium tax.

The bill will have an indeterminate negative impact on state revenues due to the tax exemption of FIGA regular assessments.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 40-0; House 114-0