

Committee on Banking and Insurance

CS/CS/SB 828 — Insurance Guaranty Association Assessments

by Finance and Tax Committee; Banking and Insurance Committee; and Senator Bean

The bill substantially revises the assessment process of the Florida Workers' Compensation Insurance Guaranty Association (FWCIGA). The FWCIGA provides payment of workers' compensation claims of insolvent insurers and group self-insurance funds to avoid excessive delay in payment and to avoid financial loss to claimants in the event of the insolvency of a member insurer.

The bill provides the following changes to the FWCIGA assessment process:

- Revises the assessment recoupment method from recouping the assessment as part of the premium in a rate filing to adding a policy surcharge, which the insurer collects. The surcharge will not be subject to the insurance premium tax;
- Increases the assessment cap for self-insurance funds from 1.5 to 2 percent of net direct written premiums in Florida for workers' compensation insurance, which is consistent with the cap for insurers;
- Authorizes two assessment options for the FWCIGA, namely, an immediate single assessment payment by insurers with recoupment through policy surcharges; and an installment payment, which requires insurers to collect and remit policy surcharges quarterly to the FWCIGA;
- Revises the insurer's premium subject to an assessment from being based on the prior year's net direct written premium to the net direct written premium of the calendar year of the assessment; and
- Transfers order authority for assessments and other FWCIGA reporting related to insurer financial condition from the Department of Financial Services (DFS) to the Office of Insurance Regulation (OIR).

If approved by the Governor, these provisions take effect July 1, 2016.

Vote: Senate 35-0; House 114-0