

## Committee on Banking and Insurance

### **CS/HB 1023 — Insolvent Insurers**

by Commerce Committee and Rep. Fabricio (CS/CS/SB 1430 by Appropriations Committee; Banking and Insurance Committee; and Senator Burgess)

The bill makes several technical changes to the assessment mechanisms for the Florida Insurance Guaranty Association (FIGA) and the Florida Workers' Compensation Insurance Guaranty Association (FWCIGA). The FIGA provides a mechanism for the payment of covered claims under certain lines of property and casual insurance policies to avoid delay and financial loss due to the financial insolvency of an insurer. The FWCIGA provides a mechanism for the payment of covered workers' compensation claims to avoid delay and financial loss due to the insolvency of a workers' compensation insurer.

The bill makes the following changes to FIGA's assessment mechanism:

- Allows FIGA to request that the Office of Insurance Regulation, in its order levying an assessment, authorize insurers to make advance assessment payments to the FIGA in quarterly installments;
- Authorizes an insurer to forego recouping advances of FIGA assessments;
- Requires an insurer electing to not recoup advances of assessment to the FIGA to either reduce a recorded asset to zero or record as no asset, depending on the levying mechanism; and
- Requires insurers making assessment payments to the FIGA to file reconciliation reports on a form and schedule adopted by the FIGA regardless of assessment payment method.

The bill makes the following changes to FWCIGA's assessment mechanism:

- Authorizes FWCIGA to allow an insurer to make assessment payments in a single payment or on a quarterly basis based on cash-flow needs; and
- Reduces the frequency of annual reconciliation reports subsequently filed with the FWCIGA after the assessment year from a period of three years to a period of two years.

The bill also amends Florida's Rating Law to require that past loss experience and prospective loss experience for insolvent insurers be used in the determination and fixing of workers' compensation rates, and provides that data previously reported by insolvent insurers may be used to assess the impact on rates.

If approved by the Governor, these provisions take effect July 1, 2022.

*Vote: Senate 36-0; House 116-0*