PO Box 15159
Tallahassee, FL 32317
(850) 386-9200

Assessment Frequently Asked Questions ("FAQ")

1) What major changes did Senate Bill 828 have on the FWCIGA assessment process?

- Established an "Assessment Year" as a 12-month period beginning the 1st day of any calendar quarter (January, April, July and October).
- Created a uniform assessment percentage and recoupment period to be applied by all member insurers thus eliminating the guaranty association assessment factor in the National Council on Compensation Insurance (NCCI) rate filing with the Office of Insurance Regulation (OIR).
- Allowed assessments to be due immediately (not less than 30 days) or due in installments from member insurers (IMMEDIATE vs. INSTALLMENT).
- Required insurers to file reconciliation reports with FWCIGA after the completion of an assessment year.

2) Who determines if an assessment is due in (not less than) 30 days or can be paid in installments over 12 months?

The Association *may* elect to use the INSTALLMENT method for collecting assessments if it projects having sufficient cash to cover current claims payments (covered claims include loss claims and return of unearned premiums). The Association will review its cash needs for existing insolvencies as well as estimates for any imminent near-term insolvencies to determine its ongoing cash needs. The IMMEDIATE method for collecting assessments will be utilized if cash is insufficient to cover current cash needs. If sufficient cash exists, then the Board *may* elect to collect assessments over time using the INSTALLMENT method. The final determination is at the sole discretion of the Board.

3) What is the assessment obligation for a new member insurer who did not write any premium in the prior year?

If the IMMEDIATE assessment method is utilized, new member insurers are required to collect and remit assessments to FWCIGA. If the INSTALLMENT method is used, new member insurers would operate the same as existing insurers.

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4) Which lines of business are assessable?

Generally speaking, if a claim qualifies as a "covered claim" pursuant to Section 631.904, Florida Statutes, the premium from which it was derived is assessable premium. The law has not changed which lines of business are assessable by the FWCIGA. FWCIGA covers claims on workers' compensation policies defined in Section 631.904(2), Florida Statutes including excess workers' compensation or any other employer liability coverage of a workers' compensation policy.

Assessable premiums are based on Full Policy Premium value which means the premium that would be charged after all applicable adjustments (drug free workplace credits, safety credits, experience modification factors, standard discounts, expense constraints, etc.) but without the premium adjustment resulting from the deductible clause of the policy.

5) When are assessment payments due?

Due dates for both IMMEDIATE and INSTALLMENT assessment will be stated in the levy order issued by the Office of Insurance Regulation. If funds are needed right away, the assessment will be due in not less than 30 days. If the INSTALLMENT assessment method is used, assessments will be due as stated in the levy order. All insurers begin remitting assessments on the same date, as set forth in the levy order.

6) Where do I send my assessment payment?

Assessment payment can be remitted via check or wire transfer.

Check
FWCIGA
P.O. Box 15159
Tallahassee, FL 32317

Wire
FWCIGA Operating Account
Acct # 0780000883512
Bank: SunTrust
ABA # 061000104

7) Can I remit assessment payment for multiple companies in a group?

Yes, but you are required to provide the NAIC number and assessment amount for each company included in the group payment in the check remittance documentation or in the wire payment detail fields.

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8) Are member insurers required to complete a reconciliation at the conclusion of the assessment year?

Due to the length of time that may elapse between billing and the collection and audit of workers' compensation premium for policies issued or renewed with effective dates during the assessment year, the Statutes provides for an initial reconciliation at 120 days following the end of the assessment year and then annually thereafter for three years.

9) What happens if assessments are over / under collected?

The IMMEDIATE assessment method will include a one-time adjustment to match assessments collected based on prior period written premium to assessments due based on actual premium during the assessment year. At the conclusion of an assessment year a reconciliation between assessments paid to assessments calculated based on assessable premium will be conducted. If the reconciliation results in an over collection, members must remit the excess funds to FWCIGA. If the reconciliation results in an under collection, FWCIGA will reimburse members for payment made in excess of recoupments collected. The INSTALLMENT method requires member insurers to remit assessment payments as collected and therefore, less likely to result in an over / under collection situation. If a situation does exist, member insurers should adjust collection amounts in subsequent quarterly filings.

10) When premiums are billed on an installment basis are assessments due when the premiums are written or when an installment is paid?

Assessments are due quarterly as premiums are collected. The assessment can be collected upfront in the down payment or in installment payments the company receives from the policyholder.

11) Is the assessment applicable to endorsements?

Yes. The assessment percentage should be applied to all endorsements to policies effective during the assessment year.

12) Is the assessment applicable to audit premiums and premium adjustments on retrospectively rated policies?

Yes. The assessment percentage should be applied to all premium adjustments to policies effective during the assessment year. Given the time period required to conduct premium audits and determine premium adjustments on retrospectively rated policies, the reconciliation period may extend 24 to 36 months beyond the 12-month assessment year.

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13) Are companies required to make any filings with the Office of Insurance Regulation to reflect the new surcharge?

The NCCI received OIR approval for the FWCIGA Surcharge Notification Endorsement form (WC 09 06 07) in 2016 to address the change in the FWCIGA assessment process. Once an assessment is levied, members will be required to utilize the NCCI endorsement.

Member insurers will also be required to make a filing to adjust other forms, such as the Information Page and filings to adjust their rating plans or rates for independent programs such as Retrospective Rating Programs and Large Deductible Programs to reflect proper treatment of the surcharge. The OIR recommends a separate filing for this change to facilitate a faster review process. Filings must be made in accordance with Rule 69O-189.016(5), Florida Administrative Code.

Please contact Cyndi Cooper at 850-413-5368 or Theresa Randall at 850-413-3821 at the OIR for questions regarding rule, rate or form filings.