



P. O. BOX 15159 * TALLAHASSEE, FLORIDA 32317
PHONE (850) 386-9200 * FACSIMILE (850) 523-1887
www.fwciga.org

August 7, 2019

FWCIGA Member Companies

RE: 2020 FWCIGA Assessment

As you know, the mission of this Association is to serve as a safety net for injured workers should their workers' compensation carrier become insolvent. For the past 14 years, careful and effective management of funds has enabled FWCIGA to avoid assessments to provide funding for this purpose. However, the November 2017 insolvency of Guarantee Insurance Company (GIC) resulted in FWCIGA receiving more than 2,000 claims and \$144 million in claim liabilities, making it necessary for the State of Florida to now approve a modest assessment - the first since 2005. Current cash needs are being met; however, FWCIGA will require additional funds to resolve claims arising from the GIC insolvency.

At its June 10, 2019, meeting the FWCIGA Board of Directors certified the need for a 1.0% assessment on all member insurers. At the discretion of the Board, assessments can be collected either prior to, or after receipt of, policy surcharges. The Board requested that member insurers remit assessments after collection of policy surcharges. Member insurers are required to apply the same 1.0% surcharge to all premiums related to new and renewal policies with effective dates beginning January 1, 2020 through December 31, 2020. The surcharge is applied to premiums prior to the application of discounts or credits for deductibles. Policyholder dividends and retrospective rating adjustments made in subsequent years, to policies effective during the assessment year, are not subject to surcharge/credit. This notice meets the statutory 90-day notice requirement for insurers to implement the policy surcharge in their premium billing systems.

The Florida Office of Insurance Regulation approved the request and issued the attached levy upon all FWCIGA member insurers.

Instructions and examples for how to calculate the policyholder surcharge and an FAQ document have been developed and are available on the FWCIGA website at www.fwciga.org

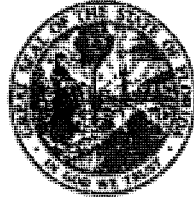
If you have any questions, please feel free to contact Corey Neal at (850) 386-9200.

Sincerely,

Thomas D. Streukens
Executive Director

Enclosure:

OIR Assessment Levy 01-2019



FILED

AUG 02 2019

**OFFICE OF
INSURANCE REGULATION**
Docketed by: _____

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 247919-19

AN ASSESSMENT

Relating to Florida Workers'
Compensation Insurance
Guaranty Association, Inc. and
All Member Insurers

ASSESSMENT LEVY 01-2019

Pursuant to Section 631.914(1)(a), Florida Statutes, the Board of Directors of the Florida Workers' Compensation Insurance Guaranty Association, Inc. ("FWCIGA"), has by letter dated June 18, 2019, ("Certification") certified to the Florida Office of Insurance Regulation ("Office") a present need for an assessment against workers' compensation insurers doing business in Florida for the purpose of securing funds to pay covered claims and to pay the reasonable costs of the FWCIGA. A true and correct copy of the Certification is attached hereto as Exhibit A. Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the Office hereby finds as follows:

1. Section 631.914(1)(a), Florida Statutes, requires the Office to levy assessments certified as necessary by the Board of Directors of the FWCIGA.
2. Pursuant to the Certification, the Office has determined that all member insurers, as defined by Section 631.914(1)(a), Florida Statutes, are hereby assessed 1% of the full policy

premium value on the net direct written premium in this state for the 12-month assessment year of January 1, 2020, through December 31, 2020.

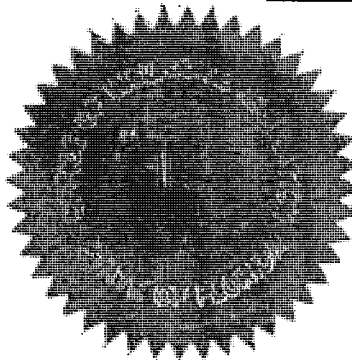
3. All member insurers must collect a 1% surcharge computed and levied on the basis of the full policy premium value on the net direct written premium amount as set forth in the state for workers' compensation insurance without consideration of any applicable discount or credit for deductibles on all new and renewal policies issued during the assessment year.

4. All member insurers must remit collected surcharges no later than the 30th day following the end of each calendar quarter using the FWCIGA Quarterly Surcharge Remittance form supporting quarterly surcharge collections prescribed by the FWCIGA.

5. All member insurers must submit an annual reconciliation using the Annual Surcharge Reconciliation Affidavit prescribed by the FWCIGA on or before April 30, 2021, and annually thereafter for the next three years.

WHEREFORE, pursuant to the certification by the Florida Workers' Compensation Insurance Guaranty Association, Inc., the Florida Office of Insurance Regulation hereby ORDERS that member insurers, as defined in Section 631.914(1), Florida Statutes, be assessed in accordance with the terms and conditions set forth above.

DONE and ORDERED this 2nd day of August, 2019.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation



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June 18, 2019

Commissioner David Altmaier
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0305

RE: FWCIGA BOARD ASSESSMENT CERTIFICATION

Dear Commissioner Altmaier:

The Florida Workers' Compensation Insurance Guaranty Association (FWCIGA) Board of Directors, pursuant to a motion duly made, seconded and adopted on June 10, 2019, at a duly noticed Board Meeting, hereby certifies to the Office of Insurance Regulation (Office) the need for an assessment upon its member insurers. The assessment is necessary to secure funds "for the payment of covered claims and also to pay the reasonable costs to administer the same" in accordance with Florida Statute 631.914(1).

FWCIGA's last assessment was levied in 2005. Since that time, FWCIGA has had adequate resources to resolve approximately 1,500 claims relating to insolvencies from 2005 and prior, as well as approximately 4,900 claims from the 17 new insolvencies occurring between 2005 and 2017. The November 2017 liquidation of Guarantee Insurance Company resulted in FWCIGA receiving in excess of 2,100 claims and unpaid losses of \$143.8 million. The January 2018 liquidation of Insurance Company of the Americas resulted in an additional 13 claims and \$14.6 million in unpaid losses. These two insolvencies materially impacted FWCIGA's projected cash flow needs and resulting Board action. FWCIGA's cash position at May 31, 2019 is \$125.6 million while outstanding claim reserves are \$222.5 million, resulting in a \$96.9 million deficit.

The Board adopted a motion to certify the need for an assessment on member insurers for 1.0% percent of the Florida net direct written premium. The Board requests that member insurers remit assessments in quarterly installments after collection of policy surcharges (collect and remit). This will result in approximately \$50 million in assessments for the FWCIGA, primarily collected over a 24-month period for policies beginning January 1, 2020 through December 31, 2020.

Pursuant to Section 631.914(1), Florida Statutes, and FWCIGA Plan of Operation, the Board requests the Office issue an order:

- 1) levying a 1.0% assessment on member insurers for the 12-month assessment year of January 1, 2020 through December 31, 2020;
- 2) requiring member insurers to apply a 1.0% policy surcharge to premium, prior to the application of discounts or credits for deductibles, on all new and renewal policies issued during the assessment year;

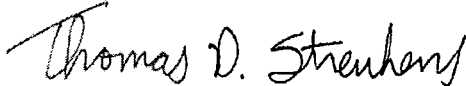
EXHIBIT A

- 3) requiring member insurers to remit collected surcharges no later than the 30th day following the end of each calendar quarter using the FWCIGA Quarterly Surcharge Remittance form supporting quarterly surcharge collections prescribed by the FWCIGA; and
- 4) requiring member insurers submit an annual reconciliation using the Annual Surcharge Reconciliation Affidavit prescribed by the FWCIGA on or before April 30, 2021 (120 days), and annually thereafter for the next three years.

The above request meets the 30-day notice requirement for insurers to remit assessment as well as the 90-day notice requirement to implement policy surcharges as set forth in Section 631.914, Florida Statutes. Upon the issuance of the assessment levy, FWCIGA will notify all member insurers and provide a copy of the Notice of Rights along with instructions for payment remittances and reconciliations.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 386-9200 or direct dial at (850) 523-1802.

Sincerely,



Thomas D. Streukens
Executive Director

cc: FWCIGA Board of Directors