

# PROGRAM DIVISION BULLETIN

2007-10

March 19, 2007

## Florida Citizens Emergency Assessment

The Florida Office of Insurance Regulation (OIR) has advised insurers that the Office approved an emergency assessment by the Citizens' Property Insurance Corporation (CPIC) for its High Risk Account on January 11, 2006. The emergency assessment is required to address continuing deficits in the CPIC High Risk Account for Plan Year 2005.

Pursuant to Informational Memorandum OIR-07-02M (January 11, 2007), insurers are authorized to begin collecting the assessment as a policy level surcharge, **effective July 1, 2007**, without the requirement to complete a rate filing with the OIR. **Surplus lines insureds are not subject to the assessment**, as the result of an agreement reached between the OIR and the Florida Surplus Lines Office (FLSLO) on January 25, 2007. [Case No. 88826-07, In the Matter of the Florida Surplus Lines Office Citizens' Regular Assessment Funds, Consent Order, January 25, 2007]

The procedures for collecting the emergency assessment as a policy level surcharge are outlined below.

### Companies; Rate

- The emergency surcharge is to apply only to admitted companies and does not apply to surplus lines policyholders.
- The surcharge rate is 1.4% and is to apply to all new and renewal policies, effective July 1, 2007.

### Lines of Business

- The lines subject to assessment under the CPIC HRA are: ASL 1 (fire); ASL 2.1 (allied lines); ASL 4 (homeowners'); ASL 5.1 (commercial multi-peril/property); and ASL 5.2 (commercial multi-peril/liability).

### Identification of the Surcharge

The emergency assessment is to be identified in the premium billing statement sent to policyholders as the "Citizens' Property Insurance Corporation Emergency Assessment."

### Future Assessments; Status of Surplus Lines Insureds

- Because of statutory changes enacted in 2006, all emergency assessments collected as revenue by the CPIC are to be amortized over a ten-year period. As a result of the

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amortization, the OIR anticipates that the emergency surcharge will remain in place for several years, with the assessment rate recalculated annually, based upon changes in the statewide direct written premium base and other factors.

- Surplus lines insureds are not subject to the 2007 emergency assessment due to excess payments collected by the FLSLO on behalf of the CPIC in 2006. This excess of approximately \$80 million is to be applied to offset future CPIC regular and emergency assessments. Please note that the continued funding of the HRA 2005 Plan Year deficit through the use of these excess funds is subject to annual review.

If you have any questions, please direct them to your Program Manager.

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