



INFORMATIONAL MEMORANDUM
OIR-07-01M
ISSUED
January 5, 2007
Office of Insurance Regulation
Kevin M. McCarty
Commissioner

2006 Florida Insurance Guaranty Association Emergency Assessment

(Intended for Property and Casualty Insurers)

To All Licensed Property and Casualty Insurers in the State of Florida Subject to Assessment

Information Regarding Emergency Assessment by Florida Insurance Guaranty Association

Pursuant to Section 631.57(3)(a), Florida Statutes, the Board of Directors of the Florida Insurance Guaranty Association (FIGA), has by letter dated December 14, 2006, certified to the Florida Office of Insurance Regulation (Office) a present need for an emergency assessment against members in the "All Other Account" doing business in Florida for the purpose of securing funds to pay covered claims and to pay the reasonable costs of the Association.

Click [here](#) to see the Office's order approving the certification of assessment titled "Emergency Assessment Levy 01-2006".

Filing with the Office

Personal and commercial lines insurers subject to an assessment by FIGA, that intend to recoup the assessment through a premium surcharge, shall make a filing via I-FILE (<https://iportal.fldfs.com/ifile/default.asp>), pursuant to s. 631.57(3)(e)2, Florida Statutes.

For Personal Lines, instructions for recoupment of assessments and the required forms for filing are available via I-FILE under the recoupment filing type category on the "Select Filing Purpose" screen. For Commercial Lines, please submit a rule filing containing the worksheet found at http://www.floir.com/pcfr/documents/figa_recoupment.xls. Proof of payment of the assessment will be required.

Please note that a separate filing must be submitted to remove the percentage and effective dates from the manual page once the insurer has recouped the paid assessment.

If you have any questions regarding the filing process, please contact Mike Milnes, Deputy Director, Property and Casualty Product Review, Florida Office of Insurance Regulation at Michael.Milnes@fldfs.com or (850) 413-5306.

Financial Reporting to the Office

The statutory guidance for the financial reporting is provided in SSAP 35, Guaranty Fund and Other Assessments. The liability for the assessment is recorded when probable and reasonably estimable. In this case, at the time FIGA's Board certified the assessment.

SSAP 35 permits the recognition of an asset for policy surcharges. The liability for assessments shall be established gross of any probable and estimable recoveries from premium surcharges. Because assessments are generally paid before policy surcharges are collected, an asset may result, which represents a receivable for policy surcharges which will be collected in the future. This amount, to the extent it is probable it will be realized, meets the definition of an admissible asset, as specified in SSAP No. 4. The asset shall be established and reported independent from the liability (not reported net). If an insurer does not intend to make a filing for the recoupment or is unable to do so because it has withdrawn from the market and will not have renewal policies to which it can apply the surcharge, it cannot record an asset.

Subject to the above guidance, an insurer should recognize both the liability and asset in its financial statements, disclosing the treatment in the notes to the financial statements.

If you have any questions regarding the financial reporting process, please contact Steve Szypula, Financial Administrator, Property and Casualty Financial Oversight, Florida Office of Insurance Regulation at Steve.Szypula@fldfs.com or (850) 413-3825.