

FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

A Florida Nonprofit Corporation

P.O. Box 14249 • Tallahassee, Florida 32317
Telephone: 850/386-9200 • Fax: 850/523-1887
www.figafacts.com

To: All Member Insurers

From: Sandra J. Robinson, Executive Director

Notice of 2012 Assessment

Pursuant to Florida Statute 631.57(3)(a) and based on the recommendation by the Florida Insurance Guaranty Association, Inc., the Office of Insurance Regulation has issued an Assessment Levy to all member insurers writing premium in the *All Other* lines of business in the state of Florida. These lines include:

| LOB | LOB Description | LOB | LOB Description |
|------|---|------|----------------------------------|
| 01.0 | FIRE | 17.1 | OTHER LIABILITY |
| 02.1 | ALLIED LINES | 17.2 | OTHER LIABILITY - OCCURRENCE |
| 03.0 | FARMOWNERS MULTIPLE PERIL | 18.0 | PRODUCTS LIABILITY |
| 04.0 | HOMEOWNERS MULTIPLE PERIL | 18.1 | PRODUCTS LIABILITY - OCCURRENCE |
| 05.1 | COMMERCIAL MULTIPLE PERIL (NON-LIABILITY PORTION) | 18.2 | PRODUCTS LIABILITY - CLAIMS-MADE |
| 05.2 | COMMERCIAL MULTIPLE PERIL (LIABILITY PORTION) | 22.0 | AIRCRAFT |
| 09.0 | INLAND MARINE | 26.0 | BURGLARY AND THEFT |
| 11.0 | MEDICAL MALPRACTICE | 27.0 | BOILER AND MACHINERY |
| 12.0 | EARTHQUAKE | | |

Enclosed you will find an invoice stating your organizations 2011 Net Direct Written Premium (less Dividends paid to policyholders) as reported by the NAIC. Also included for your reference are the following:

- Assessment Levy
- Assessment Certification
- Notice of Rights

The 0.9% assessment is payable on or before December 31, 2012. An Invoice has been included with this Notice.



OFFICE OF INSURANCE REGULATION

FILED

NOV 09 2012

OFFICE OF
INSURANCE REGULATION
Docketed by: ADL

KEVIN M. MCCARTY
COMMISSIONER

IN THE MATTER OF:

FLORIDA INSURANCE
GUARANTY ASSOCIATION, INC.
2012 ASSESSMENT

CASE NO.: 129684-12

2012 FIGA ASSESSMENT
(ALL OTHER ACCOUNT)

THIS MATTER came on for consideration upon the submission by the Executive Director of the Florida Insurance Guaranty Association, Inc. (hereinafter, "FIGA"), on behalf of the Board of Directors, to the Office of Insurance Regulation (hereinafter, the "OFFICE") of FIGA's certification of need for an assessment. The OFFICE, having considered FIGA's certification and being otherwise duly advised in the premises, hereby finds that:

1. The OFFICE has jurisdiction over the subject matter of, and the parties to this proceeding pursuant to Section 631.57(3)(a), Florida Statutes, and other applicable provisions of the Florida Insurance Code.
2. FIGA is a nonprofit corporation, created by the Legislature, and codified in the Florida Insurance Guaranty Association Act in Sections 631.50 through 631.70, Florida Statutes.
3. Section 631.57(3)(a), Florida Statutes, states:

IT IS THEREFORE ORDERED THAT:

FIGA's certification is hereby **APPROVED**. All FIGA members writing in the All Other Account shall pay to FIGA an assessment equal to 0.9% percent of the insurer's Florida net direct written premiums for the kinds of insurance within the All Other Account for the calendar year 2011. The assessment shall be paid to FIGA on or before December 31, 2012.

DONE and ORDERED this 9th day of November, 2012.




Kevin McCarty, Commissioner
Office of Insurance Regulation



**FLORIDA
INSURANCE GUARANTY
ASSOCIATION, INC.**
A Florida Nonprofit Corporation

P.O. Box 14249
Tallahassee, Florida 32317

Telephone (850) 386-9200
Toll free (800) 988-1450
Facsimile (850) 523-1888

Website: www.figafacts.com

November 7, 2012

Commissioner Kevin McCarty
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0305

Dear Commissioner McCarty:

The Florida Insurance Guaranty Association (FIGA) Board of Directors, pursuant to a motion duly made, seconded and adopted on November 6, 2012, at a Board Meeting, hereby certifies to the Office of Insurance Regulation 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 Statutes 631.57(3)(a).

The last assessment certified by the FIGA Board was 0.8% levied in 2009 on the All Other Account. Since that assessment, there have been thirteen (13) foreign and domestic insurance company insolvencies impacting FIGA. The total projected cost to FIGA for these insolvencies is in excess of \$300 million. Although the recent insolvencies affect both the Auto and All Other Lines Account, the largest impact has been on the All Other Account. During this period of time over 750 sinkhole claims were transferred to FIGA with the November 2011 liquidations of Homewise Preferred Insurance Company (liabilities estimated at \$100 million) and Homewise Insurance Company (liabilities estimated at \$47 million) having the largest financial impact. The estimated cash balance of the All Other Account at October 31, 2012 is \$50 million while the estimated liabilities for the All Other Account is \$198 million.

The Board adopted a motion to certify the need for the assessment on member insurers in the All Other Account in the amount 0.9% of the Florida net direct written premiums for calendar year 2011. Based on the 2011 net direct written premiums reported of \$15.8 billion this would generate approximately \$142 million.

The Association recommends that member insurers pay this assessment in full on or before December 31, 2012.

Thank you for your assistance in this matter.

Sincerely,

Sandra J. Robinson
Executive Director

cc: FIGA Board of Directors

