

MARKET BULLETIN

From	Julian James, Director, Worldwide Markets (extn 6677)
Date	03 October 2005
Reference	Y3638
Subject	Florida - Citizens Property Insurance Corporation Assessment
Subject areas	Surplus lines insurance from Florida
Attachments	Florida Surplus Lines Service Office bulletin 2005-04 dated 7 September, 2005
Action points	Underwriters to take note
Deadlines	None

1. Purpose of the bulletin

To inform the market of an assessment fee to be levied by the Citizens Property Insurance Corporation (CPIC) on applicable surplus lines policies. The fee is to be collected by the surplus lines broker.

2. Background

Market bulletin Y3573, dated 20 June, 2005, provided the market with details of CPIC and said that the board of governors had recognised a deficit of \$516 million due to the 2004 windstorm losses. The bulletin said that as a result, a deficit assessment might be levied on Florida property insurance premiums, although details would not be known until a new board of governors was in place and the assessment amount had been approved by the Florida Office of Insurance Regulation.

On 17 August, 2005, the board of governors of CPIC voted to levy a one-time assessment on Florida property insurance premiums. This is due to be levied on admitted insurers and on surplus lines policyholders.

3. CPIC assessment fee

Details of the assessment on surplus lines premiums are set out in a bulletin issued by the Florida Surplus Lines Service Office (FSLSO) on 7 September, 2005. It states that the assessment will be 6.84% on applicable premiums. This fee is to be levied on policies

issued or renewed on or after 1 January, 2006. The bulletin lists the types of surplus lines business subject to the assessment. The assessment period lasts for 12 months and applies to all applicable policies issued or renewed in 2006.

The assessment will be collected by the FLSO from surplus lines brokers on a quarterly basis. There is therefore no need for syndicates, as alien surplus lines insurers, to collect or pay this assessment, but they may wish to make sure that the surplus lines intermediaries with whom they deal are aware of the obligation.

4. Further information

If you have any queries about this bulletin please contact Lloyd's Worldwide Market Services:

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This bulletin has been sent to active underwriters and the compliance officers of managing agents and to Lloyd's brokers.

Julian James
Director,
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FLORIDA SURPLUS LINES

● SERVICE OFFICE ●

BULLETIN: 2005-04

**TO: FLORIDA SURPLUS LINES AGENTS AND
INDEPENDENTLY PROCURED COVERAGE FILERS**

**FROM: GARY D. PULLEN, EXECUTIVE DIRECTOR,
FLORIDA SURPLUS LINES SERVICE OFFICE**

DATE: SEPTEMBER 7, 2005

SUBJECT: CITIZENS PROPERTY INSURANCE CORPORATION ASSESSMENT

The purpose of this bulletin is to inform you that on August 26, 2005, the Office of Insurance Regulation (OIR) approved by order (OIR-05-013M) an assessment fee of 6.84% to be levied by Citizens Property Insurance Corporation (Citizens) on applicable surplus lines policies issued or renewed with an effective date on or after January 1, 2006. The assessment period will continue for a period of twelve months and applies to all applicable policies issued or renewed in 2006.

While agents will not need to make any changes in regards to the FLSO Agent and FTP submission software, internal changes to agency policy issuance and accounting software may be necessary.

The assessment will be calculated as a percentage of the transaction's premium, as defined by Section 626.932(6) Florida Statutes, (excluding the premium receipts tax, the FLSO service fee and the \$2.00/\$4.00 Emergency Management Preparedness and Assistance surcharge) and will be handled in a manner similar to the collection and payment of the premium receipts tax. The major differences being the percentage of the assessment amount, the applicable coverage codes (see coverage codes below) and the mailing address for payment. The assessment is refundable on a proportional basis for return premium endorsements and cancellations.

The Florida Surplus Lines Service Office will collect the assessment fee by generating an invoice specific to the Citizens assessment that will be sent along with the premium receipts tax invoice on a quarterly basis. Checks for the assessment amount should be made payable to the **Citizens Property Insurance Corporation** and mailed to Citizens Property Insurance Corporation, P.O. Box 850001, Orlando, FL 32885-0286.

The following surplus lines coverages and their specific codes have been identified as subject to the 6.84% Citizens assessment:

Applicable Coverage Codes:

1000 – Commercial Property	1013 – Windstorm and/or Hail	2007 – Dwelling Builders Risk
1001 – Builders Risk	1014 – Mold Coverage (Commercial)	2008 – Dwelling Flood
1002 – Business Income	1016 – Excess Flood Commercial)	2009 – Dwelling Property
1003 – Apartments (Commercial)	2000 – Homeowners – HO-1	2010 – Farm Owners Multi-Peril
1005 – Commercial Package	2001 – Homeowners – HO-2	2011 – Mobile Homeowners
1006 – Condominium (Commercial)	2002 – Homeowners – HO-3	2012 – Windstorm
1008 – Difference in Conditions	2003 – Tenant Homeowners – HO-4	2013 – Mold Coverage (Residential)
1009 – Earthquake	2004 – Homeowners – HO-5	2015 – Excess Flood (Residential)
1010 – Flood	2005 – Condo Unit-Owners	
1012 – Mortgage Impairment	2006 – Homeowners – HO-8	