

MARKET BULLETIN

From	Director, Worldwide Markets (extn 6863)
Date	26 January 2007
Reference	Y3962
Subject	Florida: Residual market emergency assessments - Florida Office of Insurance Regulation, Order No. 86443-06 and Order No. 87822-06
Subject areas	The levying and collection of emergency assessments to address certified deficits in respect of the Citizens Property Insurance Corporation ("CPIC") and the Florida Hurricane Catastrophe Fund ("FHCF")
Attachments	None
Action points	Managing agents to note the current legislative provisions
Deadlines	None

Purpose of bulletin

The purpose of this bulletin is to inform the market of the status of the Florida residual market (Citizens Property Insurance Corporation ("CPIC") and the Florida Hurricane Catastrophe Fund ("FHCF")) and the levying and collection of emergency assessments to address certified deficits. [Please see Lloyd's market bulletin Y3835, dated 22 June, 2006](#), which provides the background as to why the assessments are necessary.

Background

Assessments are due and payable to CPIC and FHCF as they are collected from policyholders by assessable insurers. Surplus lines insurers doing business in Florida, such as Lloyd's underwriters are not required to collect and remit the emergency assessment. Surplus lines insureds are subject to the emergency assessments, which are collected by the surplus lines agent, remitted to the Florida Surplus Lines Servicing Office and then forwarded to CPIC and FHCF.

Citizens Property Insurance Corporation (“CPIC”)

The Florida Office of Insurance Regulation (“FOIR”) issued an order ([Order No. 87822-06, dated 11 January, 2007, which can be found here](#)) approving the certification of an emergency assessment by CPIC for its High Risk Account. The order requires insurers to begin collecting the emergency assessments for policies issued or renewed on or after 1 July, 2007. This is an annual assessment on the direct written premium of all subject lines of business of 1.4%. The emergency assessment shall be amortised over a period of ten years.

Emergency assessments are due and payable to CPIC as they are collected from policyholders by assessable insurers. Surplus lines insurers doing business in Florida, such as Lloyd’s underwriters are not required to collect and remit the emergency assessment. Surplus lines insureds are subject to the emergency assessment, which is collected by the surplus lines agent. The 2.5% Citizens’ assessment referenced in [FOIR Bulletin OIR-06-023M](#) issued by the FOIR on 20 November, 2006 applies only to authorized insurers and not surplus lines policyholders.

Florida Hurricane Catastrophe Fund (“FHCF”)

Lloyd’s market bulletin Y3835, dated 22 June, 2006, referred to the collection, on behalf of the FHCF of an emergency assessment of 1% on all policies effective on or after 1 January, 2007. FOIR issued an order ([Order No. 86443-06, dated 12 June, 2006, which can be found here](#)) approving the certification of an emergency assessment by FHCF.

Surplus lines insurers doing business in Florida, such as Lloyd’s underwriters are not required to collect and remit the emergency assessment. Surplus lines insureds are subject to the emergency assessment, which is collected by the surplus lines agent.

The assessment period continues for 12 months and shall be assessed in each successive assessment period until further Order of the FOIR

Further Information

In you have any queries about this market bulletin, please contact Lloyd’s Worldwide Market Services:

Lloyd’s Market Services
Tel: 020 7327 6677
Email: market.services@lloyds.com
Box 190b, Gallery 1.

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

Julian James,
Director
Worldwide Markets