



INFORMATIONAL MEMORANDUM

OIR-06-019M

ISSUED

August 29, 2006

Florida Office of Insurance Regulation

Kevin M. McCarty, Commissioner

To All Property and Casualty Insurers and Residual Markets in the State of Florida

Florida Hurricane Catastrophe Fund Assessment Additional Clarification

Due to the unprecedented hurricane seasons of 2004 and 2005, the Florida Hurricane Catastrophe Fund (FHCF) has exhausted nearly all of the \$6 billion in reserves it has accumulated since its inception in 1993. The Florida State Board of Administration (SBA), the body that oversees the FHCF, has directed the Office of Insurance Regulation (Office) to levy an emergency assessment upon all property and casualty business in the state of Florida, pursuant to Section 215.555(6)(b)1., Florida Statutes, and Rule 19-8.013, Florida Administrative Code.

This notice is particularly important to those insurers that do not insure residential property in the State of Florida. The companies and lines of business subject to an assessment by the FHCF (assessment base), as defined in statute and rule, is much broader than the residential property lines of business for which the FHCF provides reinsurance coverage.

Refer to Informational Memorandum OIR-06-017M for information regarding policyholder notification requirements, reporting instructions, and reporting due dates. The section titled Assessable Lines of Business and Applicable Premium sections is replaced by the information provided below.

Revised Reference Documents

Attached, as references, are the following documents:

- (1) Spreadsheet used for reporting purposes (Form OIR-A1-1688, 08/2006), and
- (2) Instructions for the completion of Form OIR-A1-1688, *Revised*.

Assessable Lines of Business and Applicable Premium

All property & casualty risks located in the State of Florida and reported in lines of business not specifically excluded below are included in the assessment. The non-assessable lines of business are workers' compensation, medical malpractice, accident and health, and federal flood.

The assessment should be applied to all policies issued or renewed effective January 1, 2007. ***Endorsements and other transactions occurring on policies issued or renewed prior to January 1, 2007 will not be subject to the assessment.*** Refer to the attached *revised* instructions for the completion of Form OIR-A1-1688 and the proper reporting of such premium.

Return premium guidance

- If the policy premium was assessed, a pro rata share of the collected assessment shall be returned with the unearned premium.
- If the policy premium was not assessed due to the effective date of the policy, assessment monies shall not be returned to the policyholder.

- If the billed assessment was not collected from the policyholder, the assessment due shall be withheld from any return premium.

A revised version of Rule 69O-137.013, as well as a Notice of Change, will be published by the Office shortly.

All information issued by the Office has been and will continue to be posted on the Office's website at <http://www.floir.com/Hurricanes/FHCF.htm>. **Continually refer to the website for updates.**

For further information regarding the assessment, please contact:

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