



## INFORMATIONAL MEMORANDUM

OIR-06-017M

ISSUED

July 27, 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 Reporting Requirements**

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 Statute, 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.

#### Reference Documents

Attached, as references, are the following documents:

- (1) Order issued by the Office levying the assessment for Authorized Insurers (as defined within the Order),
- (2) Draft copy of Rule 69O-137.013, Florida Administrative Code, regarding reporting requirements, deadlines, violations, and penalties,
- (3) Spreadsheet used for reporting purposes (Form OIR-A1-1688), and
- (4) Instructions for the completion of Form OIR-A1-1688.

#### Applicable Insurers

The reporting requirements detailed in this Informational Memorandum and Rule apply only to those property and casualty insurers holding a valid Certificate of Authority and Florida residual market entities created by Section 627.351, Florida Statutes.

#### 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, as well as any endorsements and transactions effective January 1, 2007. Examples:

- If a policy issued before the effective date has any endorsement effective on or after January 1, 2007, the endorsement premium will be assessed.

- If a policy issued before the effective date has any transaction that increases the premium due from the policyholder, the increase in premium will be assessed.

Refer to the attached instructions for the completion of Form OIR-A1-1688 for guidance concerning return premium and the proper treatment of such premium.

#### Policyholder Notification

Florida Statutes do not provide requirements regarding notification to the policyholder of the assessment. However, the Office recommends that the company provide a separate line item on the Declarations Page. This is especially important as the FHCF assessment continues for multiple years, during which other assessments could be levied concurrently.

#### Electronic Data Reporting Instructions

The Office has developed an electronic data reporting mechanism to allow insurers to report quarterly direct written premium data to the Office in an industry-recognized format, the NAIC Annual Statement State Page, along with other information needed to validate proper collection and remittance of the assessment. The reporting system, called “Cat Fund Reporting”, will be available for companies to access at the end of October. Prior to the first required assessment remittance due date, the Office will schedule and conduct a required reporting cycle to ensure that all insurers required to report are aware of their obligation and are prepared to report and remit assessments. This preliminary reporting will be due no later than November 15, 2006. Additional information will be released closer to the reporting due date.

Once it is available, the Cat Fund Reporting system will be located on the Office’s Industry Portal (I-Portal) at <https://iportal.fldfs.com/ifile/default.asp>.

- Click on the “Data Reporting” category.
- In order to access the reporting system, the company will need an I-Portal account, which can be created by clicking on the “Set up an account” link under Common Tasks on the left side of the screen.
- The Reporting Type is “Cat Fund Reporting”; click on the name.
- Select “One Company” on the Number of Companies screen; click Next.
  - ◇ Companies cannot submit a report for more than one company at a time.
- Search for the company for which you wish to submit the report.
  - ◇ You can search using the Company Name, NAIC Company Code, Florida Company Code, or Federal Employer Identification Number (FEIN). Click Next.
  - ◇ Click the radio button next to the desired company. Click Next.

The Reporting Event (only available choice) is “CatFund”.

- Click the radio button next to the reporting event. Click Next.
- If the company has not yet written any direct business in the assessable lines of business during the current year, select “No Data Filing”. Otherwise, select “Data Filing”. Click Next.
- Review and confirm the information on the Filing Verification screen.

- ◇ Click Continue if all of the information is correct; the filing will be started and a confirmation email sent to the email address used for the I-Portal account. Otherwise, click Cancel to change the necessary information.
- ◇ The Filing Name and Password fields are optional; however, the Office highly recommends using them both.
- ◇ The filing name can be used to designate the company name, reporting period, and year for easy reference within the Filing Workbench.
- ◇ If you provide a password, an “associate user” can work on a started filing by logging into I-Portal using the Work Unit ID (provided in the confirmation email) and the provided password. If a password is not used, the “associate user” function is not available for that filing.

The spreadsheet to be used for the reporting is located at <http://www.floir.com/Office/HurricaneSeason/FHCF.aspx>, titled “FHCF Information Reporting Spreadsheet.” There are two options for the downloading of the spreadsheet: (1) download the spreadsheet from the Office’s website prior to creating the filing or (2) you can download the spreadsheet from I-Portal. The spreadsheet can be found under the “Spreadsheet Data” component; details are below.

Once the filing has been started, you will be directed back to the Filing Workbench, which contains all of the filings not yet submitted to the Office. Click on the Work Unit Number of the filing you wish to complete. A Filing Component List will appear with four (4) components, all with statuses of “Incomplete”, which must be completed.

- Click on the “Company Data” component name.
  - ◇ Confirm that the correct company has been selected and click on Return to Component List. The status of that component has been changed to “Complete”.
- Click on the “Spreadsheet Data” component.
  - ◇ Upload the completed spreadsheet for that reporting period by clicking on Add File, then Browse.
  - ◇ Locate and select the correct file, and click on Open. If you wish to rename the document, you can do so in the Title field on this screen.
  - ◇ Click on Upload to complete the File Upload process.
  - ◇ Click on Continue when the upload progress screen appears.
  - ◇ Click Done to return to the Filing Component List. The component status has been changed to “Complete”.
- Click on the “Originator Information” component name.
  - ◇ Read the information on the screen and click Next. This component is used to provide the Office with contact information for both the filing originator (creator) and the company contact (for questions regarding the data contained in the filing).
  - ◇ You can use your I-Portal account information for the Filing Originator contact information by clicking on the “User Account Contact Info” link located under “Originator Tasks” on the left side of the screen.
  - ◇ For the Company Contact information, you can copy the Filing Originator information (if meant to be the same as the Filing Originator) by clicking on the Copy button located

under the Company Contact Information page separator. Otherwise, complete all required fields for the Company Contact.

- ◇ Once you have completed the required fields, click Save to save the provided contact information and return to the Filing Component List. The component status has been changed to “Complete”.
- The Supplementary Information component should be used to upload the scanned document of the wire transfer confirmation, plus any other pertinent information.
  - ◇ Click on the “Supplemental Information” component name.
  - ◇ Upload the scanned wire transfer confirmation document for that reporting period by clicking on Add File, then Browse.
  - ◇ Locate and select the correct file, and click on Open.
  - ◇ If you wish to rename the document, you can do so in the Title field on this screen.
  - ◇ Click on Upload to complete the File Upload process.
  - ◇ Click on Continue when the upload progress screen appears.
  - ◇ Click Done to return to the Filing Component List. The component status has been changed to “Complete”.

Once all components show a status of “Complete”, the filing is ready to be submitted to the Office.

- Begin the submission process by clicking on Submit Filing.
- A confirmation message box will appear; if you wish to continue the submission process, click Ok.
- You will have a Submit Filing screen appear with filing details; the filing has been submitted but the uploaded documents must be reviewed as compatible with the system.
- An email with all of this information will be sent to the email address used in the I-Portal account. Once the documents are determined to be compatible, a final email will sent with a File Log tracking number.

Reporting and remittance due dates are as follows:

- 1st calendar quarter due no later than May 15
- 2nd calendar quarter due no later than August 15
- 3rd calendar quarter due no later than November 15
- 4th calendar quarter due no later than March 1 of the following year

If the applicable due date is Saturday, Sunday, or a legal holiday, then the actual due date will be the first business day immediately following the applicable due date.

#### Rule Hearing

The Office issued a Notice of Rule Hearing concerning Rule 690- 137.013 in the June 30<sup>th</sup> issue of the Florida Administrative Weekly. The hearing has been requested and will be held pursuant to the Notice of Rule Hearing. The hearing is scheduled for Friday, July 28, 2006 from 9:00 am to 12:00 pm EST in Tallahassee.

### Workshop

The Office is hosting a workshop regarding the FHCF assessment on Friday, July 28, 2006 from 1:00 pm to 4:00 pm EST. The workshop will be held in Tallahassee with call-in participation available. For complete details, please see the Workshop Agenda posted on the Office's website at [www.floir.com/Hurricanes/FHCF.htm](http://www.floir.com/Hurricanes/FHCF.htm).

The successful collection and remittance of assessment dollars is critical to the timely payment of debt service on bonds issued by the FHCF to pay hurricane losses. Because of the critical nature of the assessment mechanism, violation of the directives of the Order will be subject to fines, late fees, administrative costs and other administrative remedies, up to and including, suspension or revocation of an insurer's Certificate of Authority in Florida. Refer to the attached Rule 69O-137.013, Florida Administrative Code.

All information issued by the Office has been and will 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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