

Florida's Policyholder Assessments

In the event of major hurricane losses, Florida policyholders may be assessed from three different sources – Citizens, The CAT Fund and The Guaranty Fund. These assessments are independent of each other. Following is a brief description of the present assessment rules.

Citizens Surcharges and Assessments

1st – All Citizens policyholders may be surcharged up to 45% of their premium. This surcharge will be collected when policies are written or renewed.

2nd - If the first surcharge on Citizens policyholders doesn't cover the deficit, then non-Citizens policyholders may be assessed for one year for up to 18% of their premiums (***or 18% of the deficit if greater***). This applies to admitted and surplus lines property and casualty policies, including auto insurance but excluding workers compensation, medical malpractice, federal flood and crop insurance. On admitted policies, the assessment is levied against the insurance companies who may collect it from their policyholders. On surplus lines policies, agents must collect the assessment from their policyholders. This assessment will be collected when policies are written or renewed.

3rd – If the above one year assessments do not cover the deficit, an emergency assessment of up to 30% of the current premium (***or 30% of the deficit if greater***) may be levied against all policyholders (except workers compensation, etc.) for as many years as necessary. This assessment will be collected when policies are written or renewed.

So the total first year Citizens' surcharges and assessments will be up to 75% on Citizens policies and 48% on most other non-Citizens policies. (That is the case *if* the size of the deficits is not greater than the stated percentages of premiums. If the deficits exceed those percentages, **the assessments could be much higher.**) All of the assessments will be collected when policies are written or renewed.

Florida Hurricane Catastrophe Fund (The CAT Fund) Assessments

The CAT Fund provides state sponsored reinsurance at below market prices to Citizens and private insurers. It is also may levy assessments. Its assessments are levied against the state's insurance companies, who pass the assessments on to their new and renewing policyholders.

It may levy assessments of up to 6% annually, subject to a 10% annual cap. It may levy assessments for as many years as is necessary to collect the needed funds.

The Florida Insurance Guaranty Association (The Guaranty Fund)

The Guaranty Fund handles the claims of insolvent property and casualty insurance companies. It is likely that some insolvencies will result from a severe hurricane.

Its assessments are levied against the state's insurance companies, who pass the assessments on to their new and renewing policyholders.

Guaranty Fund assessments are approved by the Office of Insurance Regulation on an "as needed" basis.



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