

CS/CS/CS/HB 159 — Guaranty Associations

by General Government Policy Council; Finance and Tax Council; Insurance, Business, and Financial Affairs Policy Committee; and Rep. Legg and others (CS/CS/SB 2232 by General Government Appropriations Committee; Banking and Insurance Committee; and Senator Richter)

Insurance guaranty associations provide a mechanism for the payment of covered claims of insolvent insurance companies. Insurance companies are required by law to participate in guaranty associations as a condition of transacting business in Florida.

Florida Insurance Guaranty Association (FIGA)

The bill consolidates the two automobile accounts in FIGA and streamlines the assessment recoupment process insurers use to recover FIGA assessments from their policyholders. Under current law, FIGA can impose regular and emergency assessments against property and casualty insurers to raise funds to pay the claims of an insolvent insurer. An insurance company is allowed by law to pass the assessment through to its policyholders. The bill exempts the recoupment of regular assessments from the imposition of commissions and fees. The recoupment of emergency assessments is currently exempt from insurance premium tax, commission, and fees.

Florida Life and Health Insurance Guaranty Association (FLAHIGA)

The bill increases the coverage limits for some types of claims covered by FLAHIGA, permits insurance agents to provide information about FLAHIGA with potential or current policyholders or annuity purchasers, and makes numerous statutory changes to conform the FLAHIGA statutes to the National Association of Insurance Commissioners model act.

Florida Workers' Compensation Insurance Guaranty Association (FWCIGA)

The bill designates FWCIGA, rather than FIGA, responsible for covering employment liability claims of insolvent workers' compensation insurers.

If approved by the Governor, these provisions take effect July 1, 2010.

Vote: Senate-37-1; House 114-0