

HB 7217 — Hurricane Catastrophe Fund Emergency Assessments

by General Government Policy Council and Rep. Nelson (CS/SB 1594 by General Government Appropriations Committee and Senator Baker)

The bill extends the exemption of medical malpractice insurance premiums from the Florida Hurricane Catastrophe Fund (FHCF or fund) emergency assessment for three years, from May 31, 2010, to May 31, 2013.

The FHCF is a tax-exempt trust fund created as a form of mandatory reinsurance for residential property insurers. All insurers that write residential property insurance in Florida are required to buy reimbursement coverage (reinsurance) on their residential property exposure through the FHCF. If the cash balance of the FHCF is not sufficient to cover losses, the law allows the issuance of revenue bonds, which are funded by emergency assessments on property and casualty policyholders. The FHCF is authorized to levy emergency assessments against most property and casualty insurance premiums paid by policyholders, including surplus lines policyholders, when reimbursement premiums and other fund resources are insufficient to cover the fund's obligations. By law, workers' compensation, accident and health, federal flood and, until May 31, 2010, medical malpractice insurance are not included in the fund's assessment base and thus are not assessed for fund deficits. Medical malpractice insurance premiums were subject to FHCF's emergency assessments from 1993 (when the fund was created) until 2003, when an exemption was enacted.

If approved by the Governor, these provisions take effect upon becoming law.

Vote: Senate 37-0; House 111-1