

# Bulletin 2019-01

**To:** Member Insurers  
**From:** Tom Streukens  
**Date:** January 17, 2019  
**Re:** **Assessment Surcharge Communication**

The Florida Workers Compensation Insurance Guaranty Association (FWCIGA or Association) was formed to pay workers compensation benefits to injured workers whose employer is insured by a member insurer that has become insolvent. The recent insolvency of Guarantee Insurance Company had a material impact on the financial position of the Association. **No assessment has been requested or surcharge levied at this time, however, one is anticipated effective January 1, 2020.** When an assessment is needed, the FWCIGA Board of Directors will certify that need to the Florida Office of Insurance Regulation (OIR), which in turn will issue an order levying an assessment on FWCIGA member insurers. Pursuant to Section 631.914(1)(b), Florida Statutes, member insurers will be given at least 90 days to implement and begin collecting surcharges.

FWCIGA's assessment methodology was amended in 2016 to remove assessments from a rating factor built into the Florida voluntary rates to a surcharge applied to full policy premiums. Pursuant to Section 631.914(1)(a), Florida Statutes, the policyholder surcharge is computed and levied on the basis of the full policy premium before credits or discounts for deductibles (small, intermediate or large) are applied. The surcharge is then added to the Estimated Annual Premium (below the line) and collected by member insurers for remittance to the Association. Policyholder surcharges are calculated on a policy year basis and applied to policies incepting during the 12-month assessment year, as set forth in an order from the Florida OIR. Member insurers are required to use FWCIGA Surcharge Endorsement form WC090607 when surcharging policies. Policyholder surcharges collected and remitted to the Association will be reconciled by all FWCIGA member insurers 120 days after the assessment year, and then annually for a period of three (3) years.

Because member insurer policy systems and rating plan calculations may vary significantly, we do not attempt to provide specific guidance to cover all scenarios. Our goal is to provide general guidance to allow implementation across differing policy systems while ensuring consistent application by all member insurers.

Member insurers will also be required to make a filing to adjust other policy forms, such as the Information Page, and filings to adjust their rating plans or rates for independent programs - such as retrospective rating programs and large deductible programs - to reflect proper treatment of the surcharge. The OIR recommends a separate filing for this change, in order to facilitate a faster review process. Filings must be made in accordance with Rule 690-189.016(5), Florida Administrative Code.

If you have additional questions, please feel free to contact the FWCIGA at (850) 386-9200 or <https://fwciga.org/contactus/>.

**SEE EXAMPLES BELOW**

Example 1: No Deductible Credit

	Premium Elements	Explanatory Notes	Payroll	Rate per \$100	Policy Premium	Deductible Premium Credit	Full Policy Premium
1	<b>MANUAL PREMIUM</b>	(Payroll / 100) * Rate	\$10,000,000	10.0000	1,000,000		1,000,000
2	+ Supplemental Disease (foundry, abrasive, sandblasting)	(Subject Payroll / 100) * Disease Rate			0		0
3	+ USH&L Exposure for Non-F Classification Codes	(Subject Payroll / 100) * USL&H Factor			0		0
4	<b>TOTAL MANUAL PREMIUM</b>				1,000,000		1,000,000
5	+ Employers Liability (E/L) increased limits factor	% applied to Total Manual Premium		1.00%	10,000		10,000
6	+ Employers Liability increased limits charge	Balance to E/L increased limits minimum premium					0
7	+ Employers Liability increased limits factor (Admiralty, FELA)	Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable					0
8	- <b>Coinsurance &amp;/or Small Deductible or Intermediate Deductible Credit</b>	% applied to Total Manual Premium (9664)			0	0	0
9	<b>SUBJECT PREMIUM</b>				1,010,000	0	1,010,000
10	x Safety Factor (1 - Safety Credit %)			98.00%	(20,200)	0	(20,200)
11	x Drug-Free Workplace Premium Credit Factor (1 - DFW credit %)			95.00%	(49,490)	0	(49,490)
13	<b>TOTAL SUBJECT PREMIUM</b>				940,310	0	940,310
14	x Experience Modification (Exp Mod)			125.00%	235,078	0	235,078
15	<b>TOTAL MODIFIED PREMIUM</b>				1,175,388	0	1,175,388
16	- <b>Deductible Credit</b>	% applied to Total Modified Premium (9663)			0	0	0
17	x Contracting Class Pre Adj Factor (1 - CCPAP credit %)	Applied to Modified Premium			0	0	0
18	+ Supplemental Disease Exposures (Asbestos)						0
19	+ Atomic Energy Radiation Exposure						0
20	+ Charge for nonratable catastrophe loading						0
21	+ Balance to Minimum Premium (State Act)	Balance to minimum premium at Standard Limits					0
22	+ Balance to Minimum Premium (Admiralty, FELA)						0
23	<b>TOTAL STANDARD PREMIUM</b>				1,175,388	0	1,175,388
24	- Premium Discount	APPLIED TO Standard Premium		1.00%	(11,754)		(11,754)
25	+ Expense Constant				160		160
26	+ Terrorism	(Payroll / 100) * Terrorism Value		1.00%	1,000		1,000
27	<b>ESTIMATED ANNUAL PREMIUM</b>				1,164,794	0	1,164,794
28	- <b>Deductible Credit</b>	% applied to Standard Premium (9657)			0	0	0
29					<b>FINAL PREMIUM</b>	1,164,794	0 1,164,794
30	<b>FWCIGA SURCHARGE</b>	% applied to Full Policy Premium (excluding Coinsurance and deductible credits) amount of Estimated Annual Premium		1.00%			11,648
31					<b>SURCHARGE</b>	<b>11,648</b>	
32					<b>TOTAL DUE (PREMIUM + SURCHARGE)</b>	<b>1,176,442</b>	

Example 2: Small / Intermediate Deductible Credit

	Premium Elements	Explanatory Notes	Payroll	Rate per \$100	Policy Premium	Deductible Premium Credit	Full Policy Premium	
1	<b>MANUAL PREMIUM</b>	(Payroll / 100) * Rate	<b>\$10,000,000</b>	10.0000	1,000,000		1,000,000	
2	+ Supplemental Disease (foundry, abrasive, sandblasting)	(Subject Payroll / 100) * Disease Rate			0		0	
3	+ USH&L Exposure for Non-F Classification Codes	(Subject Payroll / 100) * USL&H Factor			0		0	
4	<b>TOTAL MANUAL PREMIUM</b>				1,000,000		1,000,000	
5	+ Employers Liability (E/L) increased limits factor	% applied to Total Manual Premium		1.00%	10,000		10,000	
6	+ Employers Liability increased limits charge	Balance to E/L increased limits minimum premium					0	
7	+ Employers Liability increased limits factor (Admiralty, FELA)	Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable					0	
8	- <b>Coinsurance &amp;/or Small Deductible or Intermediate Deductible Credit</b>	<b>% applied to Total Manual Premium (9664)</b>		3.00%	(30,000)	30,000	0	
9	<b>SUBJECT PREMIUM</b>				980,000	30,000	1,010,000	
10	x Safety Factor (1 - Safety Credit %)			98.00%	(19,600)	(600)	(20,200)	
11	x Drug-Free Workplace Premium Credit Factor (1 - DFW credit %)			95.00%	(48,020)	(1,470)	(49,490)	
13	<b>TOTAL SUBJECT PREMIUM</b>				912,380	27,930	940,310	
14	x Experience Modification (Exp Mod)			125.00%	228,095	6,983	235,078	
15	<b>TOTAL MODIFIED PREMIUM</b>				1,140,475	34,913	1,175,388	
16	- <b>Deductible Credit</b>	<b>% applied to Total Modified Premium (9663)</b>			0	0	0	
17	x Contracting Class Pre Adj Factor (1 - CCPAP credit %)	Applied to Modified Premium			0	0	0	
18	+ Supplemental Disease Exposures (Asbestos)						0	
19	+ Atomic Energy Radiation Exposure						0	
20	+ Charge for nonratable catastrophe loading						0	
21	+ Balance to Minimum Premium (State Act)	Balance to minimum premium at Standard Limits					0	
22	+ Balance to Minimum Premium (Admiralty, FELA)						0	
23	<b>TOTAL STANDARD PREMIUM</b>				1,140,475	34,913	1,175,388	
24	- Premium Discount	% APPLIED TO Standard Premium		1.00%	(11,405)	(349)	(11,754)	
25	+ Expense Constant				160		160	
26	+ Terrorism	(Payroll / 100) * Terrorism Value		1.00%	1,000		1,000	
27	<b>ESTIMATED ANNUAL PREMIUM</b>				1,130,230	34,564	1,164,794	
28	- <b>Deductible Credit</b>	<b>% applied to Standard Premium (9657)</b>			0	0	0	
29					<b>FINAL PREMIUM</b>	1,130,230	34,564	1,164,794
30	<b>FWCIGA SURCHARGE</b>	% applied to Full Policy Premium (excluding Coinsurance and deductible credits) amount of Estimated Annual Premium		1.00%			11,648	
31					<b>SURCHARGE</b>	<b>11,648</b>		
32					<b>TOTAL DUE (PREMIUM + SURCHARGE)</b>	<b>1,141,878</b>		

**Example 3: Deductible Credit - Applied to Modified Premium**

	Premium Elements	Explanatory Notes	Payroll	Rate per \$100	Policy Premium	Deductible Premium Credit	Full Policy Premium	
1	<b>MANUAL PREMIUM</b>	(Payroll / 100) * Rate	<b>\$10,000,000</b>	10.0000	1,000,000		1,000,000	
2	+ Supplemental Disease (foundry, abrasive, sandblasting)	(Subject Payroll / 100) * Disease Rate			0		0	
3	+ USH&L Exposure for Non-F Classification Codes	(Subject Payroll / 100) * USL&H Factor			0		0	
4	<b>TOTAL MANUAL PREMIUM</b>				1,000,000		1,000,000	
5	+ Employers Liability (E/L) increased limits factor	% applied to Total Manual Premium		1.00%	10,000		10,000	
6	+ Employers Liability increased limits charge	Balance to E/L increased limits minimum premium					0	
7	+ Employers Liability increased limits factor (Admiralty, FELA)	Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable					0	
8	- <b>Coinsurance &amp;/or Small Deductible or Intermediate Deductible Credit</b>	<b>% applied to Total Manual Premium (9664)</b>			0	0	0	
9	<b>SUBJECT PREMIUM</b>				1,010,000	0	1,010,000	
10	x Safety Factor (1 - Safety Credit %)			98.00%	(20,200)	0	(20,200)	
11	x Drug-Free Workplace Premium Credit Factor (1 - DFW credit %)			95.00%	(49,490)	0	(49,490)	
13	<b>TOTAL SUBJECT PREMIUM</b>				940,310	0	940,310	
14	x Experience Modification (Exp Mod)			125.00%	235,078	0	235,078	
15	<b>TOTAL MODIFIED PREMIUM</b>				1,175,388	0	1,175,388	
16	- <b>Deductible Credit</b>	<b>% applied to Total Modified Premium (9663)</b>		30.00%	(352,616)	352,616	0	
17	x Contracting Class Pre Adj Factor (1 - CCPAP credit %)	Applied to Modified Premium			0	0	0	
18	+ Supplemental Disease Exposures (Asbestos)						0	
19	+ Atomic Energy Radiation Exposure						0	
20	+ Charge for nonratable catastrophe loading						0	
21	+ Balance to Minimum Premium (State Act)	Balance to minimum premium at Standard Limits					0	
22	+ Balance to Minimum Premium (Admiralty, FELA)						0	
23	<b>TOTAL STANDARD PREMIUM</b>				822,772	352,616	1,175,388	
24	- Premium Discount	% APPLIED TO Standard Premium		1.00%	(8,228)	(3,526)	(11,754)	
25	+ Expense Constant				160		160	
26	+ Terrorism	(Payroll / 100) * Terrorism Value		1.00%	1,000		1,000	
27	<b>ESTIMATED ANNUAL PREMIUM</b>				815,704	349,090	1,164,794	
28	- <b>Deductible Credit</b>	<b>% applied to Standard Premium (9657)</b>			0	0	0	
29					<b>FINAL PREMIUM</b>	815,704	349,090	1,164,794
30	<b>FWCIGA SURCHARGE</b>	% applied to Full Policy Premium (excluding Coinsurance and deductible credits) amount of Estimated Annual Premium		1.00%			11,648	
31					<b>SURCHARGE</b>	<b>11,648</b>		
32					<b>TOTAL DUE (PREMIUM + SURCHARGE)</b>	<b>827,352</b>		

**Example 4: Deductible Credit - Applied to Standard Premium**

	Premium Elements	Explanatory Notes	Payroll	Rate per \$100	Policy Premium	Deductible Premium Credit	Full Policy Premium
1	<b>MANUAL PREMIUM</b>	(Payroll / 100) * Rate	\$10,000,000	10.0000	1,000,000		1,000,000
2	+ Supplemental Disease (foundry, abrasive, sandblasting)	(Subject Payroll / 100) * Disease Rate			0		0
3	+ USH&L Exposure for Non-F Classification Codes	(Subject Payroll / 100) * USL&H Factor			0		0
4	<b>TOTAL MANUAL PREMIUM</b>				1,000,000		1,000,000
5	+ Employers Liability (E/L) increased limits factor	% applied to Total Manual Premium		1.00%	10,000		10,000
6	+ Employers Liability increased limits charge	Balance to E/L increased limits minimum premium					0
7	+ Employers Liability increased limits factor (Admiralty, FELA)	Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable					0
8	- <b>Coinsurance &amp;/or Small Deductible or Intermediate Deductible Credit</b>	% applied to Total Manual Premium (9664)			0	0	0
9	<b>SUBJECT PREMIUM</b>				1,010,000	0	1,010,000
10	x Safety Factor (1 - Safety Credit %)			98.00%	(20,200)	0	(20,200)
11	x Drug-Free Workplace Premium Credit Factor (1 - DFW credit %)			95.00%	(49,490)	0	(49,490)
13	<b>TOTAL SUBJECT PREMIUM</b>				940,310	0	940,310
14	x Experience Modification (Exp Mod)			125.00%	235,078	0	235,078
15	<b>TOTAL MODIFIED PREMIUM</b>				1,175,388	0	1,175,388
16	- <b>Deductible Credit</b>	% applied to Total Modified Premium (9663)			0	0	0
17	x Contracting Class Pre Adj Factor (1 - CCPAP credit %)	Applied to Modified Premium			0	0	0
18	+ Supplemental Disease Exposures (Asbestos)						0
19	+ Atomic Energy Radiation Exposure						0
20	+ Charge for nonratable catastrophe loading						0
21	+ Balance to Minimum Premium (State Act)	Balance to minimum premium at Standard Limits					0
22	+ Balance to Minimum Premium (Admiralty, FELA)						0
23	<b>TOTAL STANDARD PREMIUM</b>				1,175,388	0	1,175,388
24	- Premium Discount	% APPLIED TO Standard Premium		1.00%	(11,754)	0	(11,754)
25	+ Expense Constant				160		160
26	+ Terrorism	(Payroll / 100) * Terrorism Value		1.00%	1,000		1,000
27	<b>ESTIMATED ANNUAL PREMIUM</b>				1,164,794	0	1,164,794
28	- <b>Deductible Credit</b>	% applied to Standard Premium (9657)		30.00%	(352,616)	352,616	0
29				<b>FINAL PREMIUM</b>	812,178	352,616	1,164,794
30	<b>FWCIGA SURCHARGE</b>	% applied to Full Policy Premium (excluding Coinsurance and deductible credits) amount of Estimated Annual Premium		1.00%			11,648
31				<b>SURCHARGE</b>	<b>11,648</b>		
32				<b>TOTAL DUE (PREMIUM + SURCHARGE)</b>	<b>823,826</b>		