



ATTACHMENT G
Organization Background

Section 1 American Guaranty Fund Group

American Guaranty Fund Group (AGFG) was created by statute in 2004 to function as the management company for the Florida Insurance Guaranty Association, Inc. (FIGA) and the Florida Worker's Compensation Insurance Guaranty Association, Inc. (FWCIGA). These entities were created by Florida statute to pay the claims of insolvent insurers. The formation of AGFG was initiated, in part, to gain efficiencies through the consolidation of executive management for FIGA and FWCIGA. The consolidation results in cost savings for each of the individual guaranty funds, provides consistency in processes, and reduces redundancies. AGFG is organized and operated as a not-for-profit corporation under the laws of the State of Florida and is headquartered in Tallahassee, Florida.

AGFG is owned and controlled equally by FIGA and FWCIGA and is under the supervision, control and direction of the Board of Directors. The AGFG Board is comprised of three members of the FIGA Board and three member of the FWCIGA Board.

As part of AGFG's responsibilities to manage the operations of FIGA and FWCIGA it is interested in procuring a claims management system that will better allow them to fulfil this directive. Contractual duties and responsibilities of AGFG also include the following:

- Annual budgeting and budget monitoring
- Oversight and preparation of claims reporting to the Boards
- Annual, Quarterly, and Monthly financial statement reporting
- Coordination of FIGA and FWCIGA staff and receivers of insolvent insurers
- Developing best practices relating to claims and claim data
- Attending FIGA and FWCIGA Board meetings
- Recommending and implementing assessments levied by the Boards
- Managing day to day operations in accordance with Parts II and V, Chapter 631 and the FIGA and FWCIGA plans of operation
- Making recommendations for outside professional and advisory services
- Hiring and retaining FIGA and FWCIGA staff

As a management company AGFG is primarily made up of executive leadership and business units that support the efforts of FIGA and FWCIGA. These include:

- a. Accounting
- b. IT
- c. HR
- d. Executive leadership

Accounting

Core functions of AGFG's Accounting section include:

- a. Setting up W9s for vendors.
- b. Invoice approval and issuing payments to AGFG vendors for services.
- c. Bank account reconciliation.
- d. Allocating assessment payments made by member insurance companies to fund FIGA and FWCIGA's operations.
- e. Processing and validating invoices from Third Party Administrators (TPA) companies for claim adjuster services.
- f. Processes voids, stop payments, and check reissue requests.

IT

Core Functions of AGFG's IT section include:

- a. Printing in house checks (those over \$50,000) and exporting the rest to our bank for printing and mailing.
- b. Creating and managing network access for our user base and TPA users.
- c. Supports and manages several in house built applications.
- d. Imports and exports data from the claims management system (ICMS)
- e. Creating, maintaining, and managing access to AGFG's ICMS.
- f. Acts as the liaison between ICMS vendor and AGFG.
- g. Prepares and analyzes reports from the ICMS.
- h. Provides IT support for AGFG, FIGA and FWCIGA.
- i. Responsible for network infrastructure and Microsoft Azure cloud environment, as well as supporting VDI connections from remote users using the ICMS.

HR

HR's primary functions at AGFG include

- a. Managing employee benefits.
- b. Running payroll.
- c. Onboarding employees.
- d. Acting as liaison between temporary staffing companies and AGFG.

Executive Leadership

AGFG has a COO, Executive Director, and Vice President of Claims.

The COO oversees both accounting and IT, setting operational goals, as well as being responsible for assisting the Executive Director with the strategic goals of the organization.

The Vice President of Claims is responsible for setting and overseeing the overall claim handling strategy of both FIGA and FWCIGA, as well as working with our contracted TPA companies.

AGFG's Executive Director is responsible for setting the strategic goals of the organization as well as FIGA and FWCIGA, handling press inquiries, and reporting to the board.

Section 2 – Florida Insurance Guaranty Association

FIGA, or the Florida Insurance Guaranty Association, is comprised of member companies that write applicable lines of business in the state of Florida.

FIGA is a statutorily created organization responsible for adjusting covered claims left behind by insolvent member companies and refunding unearned premiums to impacted policyholders. The lifecycle of a "FIGA Claim" starts off with the Florida Department of Financial Service's Division of Rehab and Liquidation extracting claim data from the insolvent carrier's systems. This process may take weeks or months. Once extracted these data and images are converted into the UDS format and transmitted to FIGA.

While DFS is working to get us the data from the insolvent carrier, FIGA is scaling up its workforce to be able to tackle the outstanding claims. The insolvency of United Property and Casualty in 2023 resulted in FIGA receiving over 23,000 claims. This required FIGA to engage with various TPA contractors to provide hundreds of TPA adjusters. With several recent insolvencies FIGA hit a peak user count of almost 600 users in 2023. As claims are closed and payments are made, FIGA's workforce shrinks. By the end of 2024 the total user count was down to 150.

FIGA is responsible for not just adjusting those claims but refunding all policyholders for their unearned premium. These "B" records are sent to FIGA by DFS and result in policyholders being refunded for the time period they were not covered by the insolvent company. For example, if a policyholder paid for a year's coverage and only 4 months had past, they would be refunded for the 8 months they were not covered.

FIGA considers an estate "Closed" when only a small amount of complex, litigated claims are open and all premiums have been refunded.

Since 2018 FIGA has had 15 insolvencies, of which five are still active with over 100 open claims. These estates totaled over 90,000 claims and 2 billion dollars in payments to date. This high volume has demonstrated that FIGA's current claims system struggles in several key areas and is the driving force behind this ITN. Issues that FIGA has run into during this recent batch of insolvencies include:

- FIGA's current solutions lacks a modern UI, making onboarding challenging.
- FIGA current has separate system to manage claimant communication, document management, claims management, litigation management, and reporting. This adds unnecessary complexity and overhead.
- All of FIGA's current systems are natively on premise solutions, so access is managed through Azure VDI servers. This adds cost as well as additional roadblocks to access. Before an adjuster can get to work AGFG's IT staff has to work with the TPA's own IT department to get the necessary remote desktop connection installed and configured.
- Some of FIGA's current pricing agreements are structured in a way that penalizes FIGA for scaling up and down, with large up-front costs for new licenses.

- FIGA finds room for improvement in its current ability to monitor and manage hundreds of remote TPA adjusters due to lackluster native reporting and data analytics.

FIGA is funded in part by disbursements from insolvent carriers as well as by Assessments. Assessments are levied on an as needed basis as a percentage of a member's total written premium. Members submit this data every quarter and are billed accordingly.

Section 2 – Florida Worker's Compensation Insurance Guaranty Association

The Florida Worker's Compensation Insurance Guaranty Association, of FWCIGA for short, is almost identical to FIGA other than the line of coverage they guaranty. While FIGA has been extremely busy over the course of the last 7 years, FWCIGA has not experienced a large insolvency in recent times. Total claim count is in the 100s.

A third party administrator is handling all of the Worker's Compensation adjusting and sending a regular data feed to FWCIGA, which is loaded into a custom built claims system called SideQuest.