

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u>    </u>	(Y/N)
ADOPTED AS AMENDED	<u>    </u>	(Y/N)
ADOPTED W/O OBJECTION	<u>    </u>	(Y/N)
FAILED TO ADOPT	<u>    </u>	(Y/N)
WITHDRAWN	<u>    </u>	(Y/N)
OTHER	<u>    </u>	

1 Committee/Subcommittee hearing bill: Insurance & Banking  
 2 Subcommittee

3 Representative Caldwell offered the following:

4

5 **Amendment (with title amendment)**

6 Remove lines 126-248 and insert:

7 1. If the board determines that the amount of revenue  
 8 produced under subsection (5) is insufficient to fund the  
 9 obligations, costs, and expenses of the fund and the  
 10 corporation, including repayment of revenue bonds and that  
 11 portion of the debt service coverage not met by reimbursement  
 12 premiums, the board shall direct the Office of Insurance  
 13 Regulation to levy, by order, an emergency assessment on  
 14 direct premiums for all covered policies as defined in  
 15 subsection (2) (c). ~~property and casualty lines of business in~~  
 16 ~~this state, including property and casualty business of~~  
 17 ~~surplus lines insurers regulated under part VIII of chapter~~  
 18 ~~626, but not including any workers' compensation premiums or~~  
 19 ~~medical malpractice premiums. As used in this subsection, the~~  
 20 ~~term "property and casualty business" includes all lines of~~

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21 ~~business identified on Form 2, Exhibit of Premiums and Losses,~~  
22 ~~in the annual statement required of authorized insurers by s.~~  
23 ~~[624.424](#) and any rule adopted under this section, except for~~  
24 ~~those lines identified as accident and health insurance and~~  
25 ~~except for policies written under the National Flood Insurance~~  
26 ~~Program.~~ The assessment shall be specified as a percentage of  
27 direct written premium and is subject to annual adjustments by  
28 the board in order to meet debt obligations. The same  
29 percentage shall apply to all policies in lines of business  
30 subject to the assessment issued or renewed during the 12-  
31 month period beginning on the effective date of the  
32 assessment.

33 2. A premium is not subject to an annual assessment  
34 under this paragraph in excess of 6 percent of premium with  
35 respect to obligations arising out of losses attributable to  
36 any one contract year, and a premium is not subject to an  
37 aggregate annual assessment under this paragraph in excess of  
38 10 percent of premium. An annual assessment under this  
39 paragraph shall continue as long as the revenue bonds issued  
40 with respect to which the assessment was imposed are  
41 outstanding, including any bonds the proceeds of which were  
42 used to refund the revenue bonds, unless adequate provision  
43 has been made for the payment of the bonds under the documents  
44 authorizing issuance of the bonds.

45 3. Emergency assessments shall be collected from  
46 policyholders. Emergency assessments shall be remitted by  
47 insurers as a percentage of direct written premium for the  
48 preceding calendar quarter as specified in the order from the

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49 Office of Insurance Regulation. The office shall verify the  
50 accurate and timely collection and remittance of emergency  
51 assessments and shall report the information to the board in a  
52 form and at a time specified by the board. Each insurer  
53 collecting assessments shall provide the information with  
54 respect to premiums and collections as may be required by the  
55 office to enable the office to monitor and verify compliance  
56 with this paragraph.

57 ~~4. With respect to assessments of surplus lines~~  
58 ~~premiums, each surplus lines agent shall collect the~~  
59 ~~assessment at the same time as the agent collects the surplus~~  
60 ~~lines tax required by s. 626.932, and the surplus lines agent~~  
61 ~~shall remit the assessment to the Florida Surplus Lines~~  
62 ~~Service Office created by s. 626.921 at the same time as the~~  
63 ~~agent remits the surplus lines tax to the Florida Surplus~~  
64 ~~Lines Service Office. The emergency assessment on each insured~~  
65 ~~procuring coverage and filing under s. 626.938 shall be~~  
66 ~~remitted by the insured to the Florida Surplus Lines Service~~  
67 ~~Office at the time the insured pays the surplus lines tax to~~  
68 ~~the Florida Surplus Lines Service Office. The Florida Surplus~~  
69 ~~Lines Service Office shall remit the collected assessments to~~  
70 ~~the fund or corporation as provided in the order levied by the~~  
71 ~~Office of Insurance Regulation. The Florida Surplus Lines~~  
72 ~~Service Office shall verify the proper application of such~~  
73 ~~emergency assessments and shall assist the board in ensuring~~  
74 ~~the accurate and timely collection and remittance of~~  
75 ~~assessments as required by the board. The Florida Surplus~~  
76 ~~Lines Service Office shall annually calculate the aggregate~~

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77 ~~written premium on property and casualty business, other than~~  
78 ~~workers' compensation and medical malpractice, procured~~  
79 ~~through surplus lines agents and insureds procuring coverage~~  
80 ~~and filing under s. 626.938 and shall report the information~~  
81 ~~to the board in a form and at a time specified by the board.~~

82       ~~5.~~ Any assessment authority not used for a particular  
83 contract year may be used for a subsequent contract year. If,  
84 for a subsequent contract year, the board determines that the  
85 amount of revenue produced under subsection (5) is  
86 insufficient to fund the obligations, costs, and expenses of  
87 the fund and the corporation, including repayment of revenue  
88 bonds and that portion of the debt service coverage not met by  
89 reimbursement premiums, the board shall direct the Office of  
90 Insurance Regulation to levy an emergency assessment up to an  
91 amount not exceeding the amount of unused assessment authority  
92 from a previous contract year or years, plus an additional 4  
93 percent provided that the assessments in the aggregate do not  
94 exceed the limits specified in subparagraph 2.

95       ~~5.6.~~ The assessments otherwise payable to the  
96 corporation under this paragraph shall be paid to the fund  
97 unless and until the Office of Insurance Regulation ~~and the~~  
98 ~~Florida Surplus Lines Service Office~~ have received from the  
99 corporation and the fund a notice, which shall be conclusive  
100 and upon which they may rely without further inquiry, that the  
101 corporation has issued bonds and the fund has no agreements in  
102 effect with local governments under paragraph (c). On or after  
103 the date of the notice and until the date the corporation has  
104 no bonds outstanding, the fund shall have no right, title, or

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105 interest in or to the assessments, except as provided in the  
106 fund's agreement with the corporation.

107 ~~6.7.~~ Emergency assessments are not premium and are not  
108 subject to the premium tax, to the surplus lines tax, to any  
109 fees, or to any commissions. An insurer is liable for all  
110 assessments that it collects and must treat the failure of an  
111 insured to pay an assessment as a failure to pay the premium.  
112 An insurer is not liable for uncollectible assessments.

113 ~~7.8.~~ When an insurer is required to return an unearned  
114 premium, it shall also return any collected assessment  
115 attributable to the unearned premium. A credit adjustment to  
116 the collected assessment may be made by the insurer with  
117 regard to future remittances that are payable to the fund or  
118 corporation, but the insurer is not entitled to a refund.

119 ~~9.~~ When a surplus lines insured or an insured who has  
120 procured coverage and filed under s. 626.938 is entitled to  
121 the return of an unearned premium, the Florida Surplus Lines  
122 Service Office shall provide a credit or refund to the agent  
123 or such insured for the collected assessment attributable to  
124 the unearned premium prior to remitting the emergency  
125 assessment collected to the fund or corporation.

126 ~~10.~~ The exemption of medical malpractice insurance  
127 premiums from emergency assessments under this paragraph is  
128 repealed May 31, 2013, and medical malpractice insurance  
129 premiums shall be subject to emergency assessments  
130 attributable to loss events occurring in the contract years  
131 commencing on June 1, 2013.

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**T I T L E   A M E N D M E N T**

Remove line 3 and insert:

F.S.; revising the types of insurance that are subject to an emergency assessment imposed by the Florida Hurricane Catastrophe Fund; deleting the method of collecting emergency assessments by surplus lines insurers; deleting the required credit or refund for emergency assessments related to unearned premium on surplus lines insurance; deleting the future repeal of an exemption of