

By Representative Brown

1                                   A bill to be entitled  
2           An act relating to insurance; amending s.  
3           626.321, F.S.; authorizing persons who hold a  
4           limited license for credit insurance to hold  
5           certain additional licenses; amending s.  
6           627.6785, F.S.; requiring the Department of  
7           Insurance to adopt prima facie rates; providing  
8           a presumption as to such rates; providing  
9           criteria; amending s. 627.682, F.S.; revising  
10          requirements for credit life and disability  
11          insurance; authorizing the Department of  
12          Insurance to disapprove certain forms under  
13          certain circumstances; providing criteria;  
14          providing an effective date.

15  
16 Be It Enacted by the Legislature of the State of Florida:

17  
18           Section 1. Paragraph (f) of subsection (1) of section  
19          626.321, Florida Statutes, is amended to read:

20           626.321 Limited licenses.--

21           (1) The department shall issue to a qualified  
22          individual, or a qualified individual or entity under  
23          paragraphs (d) and (e), a license as agent authorized to  
24          transact a limited class of business in any of the following  
25          categories:

26           (f) Credit insurance.--License covering only credit  
27          insurance, as such insurance is defined in s. 624.605(1)(i),  
28          and no individual so licensed shall, during the same period,  
29          hold a license as an agent or solicitor as to any other or  
30          additional kind of life or health insurance with the exception

31

1 of credit life or disability insurance as defined in paragraph  
2 (e).

3 Section 2. Subsection (4) is added to section  
4 627.6785, Florida Statutes, to read:

5 627.6785 Filing of rates with department.--  
6 (4) The department shall, after notice and hearing,  
7 adopt prima facie rates on an industry-wide or type-of-product  
8 basis. Such rates shall be presumed to be just, reasonable,  
9 adequate, and not excessive. The department shall adopt a  
10 reasonable deviation procedure for acceptable rates above or  
11 below the prima facie rates on a type-of-product basis. In  
12 determining prima facie rates and in determining deviations  
13 from prima facie rates and to assure that said rates are  
14 reasonable in relation to benefits, and not excessive or  
15 inadequate, the department shall evaluate and consider all of  
16 the following factors that go into ratemaking. Combined  
17 industry experience for the state for the previous 3 calendar  
18 years shall be used. Prima facie rates are to be recomputed  
19 in a similar fashion every 3 years. The factors are:

- 20 (a) Actual and expected claim costs.  
21 (b) Establishment of contingency or claim fluctuation  
22 reserves.  
23 (c) The type of product.  
24 (d) Acquisition costs to be incurred by the insurer,  
25 including reasonable compensation payable to the creditor or  
26 agent.  
27 (e) Reasonable insurer overhead and administrative  
28 expenses.  
29 (f) Reasonable insurer margins for profit,  
30 contingencies, and capital requirements.  
31

1           (g) Insurer taxes, assessments, and regulatory  
2 expenses.

3           Section 3. Section 627.682, Florida Statutes, is  
4 amended to read:

5           627.682 Filing, approval of forms.--All forms of  
6 policies, certificates of insurance, statements of insurance,  
7 applications for insurance, binders, endorsements, and riders  
8 of credit life or disability insurance delivered or issued for  
9 delivery in this state shall be filed with and approved by the  
10 department before use as provided in ss. 627.410 and 627.411.  
11 The department shall, within 45 days after the filing of any  
12 such policies, certificates of insurance, notices of proposed  
13 insurance, applications for insurance, endorsements, or  
14 riders, disapprove any such form and may withdraw approval of  
15 any previously approved form if the benefits provided are not  
16 reasonable in relation to the premium charged or if such  
17 premium charge is excessive or inadequate, or if the form  
18 contains provisions which are unjust, unfair, inequitable,  
19 misleading, deceptive, or encourage misrepresentation of the  
20 coverage, or are contrary to any provision of the Insurance  
21 Code or of any rule promulgated thereunder.~~In addition to~~  
22 ~~grounds as specified in s. 627.411, the department, upon~~  
23 ~~compliance with the procedures set forth in s. 627.410, shall~~  
24 ~~disapprove any such form and may withdraw any previous~~  
25 ~~approval thereof if the benefits provided therein are not~~  
26 ~~reasonable in relation to the premiums charged, or if it~~  
27 ~~contains provisions which are unjust, unfair, inequitable,~~  
28 ~~misleading, or deceptive or which encourage misrepresentation~~  
29 ~~of such policy.~~

30           Section 4. This act shall take effect October 1, 1997.

31

521-148-97

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

\*\*\*\*\*

HOUSE SUMMARY

Authorizes persons who hold a limited license for credit insurance to hold additional licenses other than life or health. Requires the Department of Insurance to adopt prima facie rates on an industry-wide basis or type-of-product basis. Provides for deviations from such rates. Revises requirements for credit life and disability insurance. Authorizes the Department of Insurance to disapprove filing forms under specified circumstances. See bill for details.