

By the Committee on Banking and Insurance; and Senator Gutman

311-2190-98

1 A bill to be entitled
 2 An act relating to property, casualty, and
 3 surety insurance; amending s. 626.2815, F.S.;
 4 revising continuing education requirements for
 5 insurance agents; amending s. 627.062, F.S.;
 6 providing standards for determining whether
 7 rates are excessive, inadequate, or unfairly
 8 discriminatory; amending s. 627.171, F.S.;
 9 increasing the percentage of excess rates an
 10 insurer may use for commercial insurance
 11 policies; setting standards for the use of
 12 excess rates; providing an effective date.

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 14 Be It Enacted by the Legislature of the State of Florida:

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 16 Section 1. Subsections (3) and (4) of section
 17 626.2815, Florida Statutes, are amended to read:

18 626.2815 Continuing education required; application;
 19 exceptions; requirements; penalties.--

20 (3)(a) Each person subject to the provisions of this
 21 section must, except as set forth in paragraphs (b) and (c),
 22 complete a minimum of 28 hours of continuing education courses
 23 every 3 ~~2~~ years in basic or higher-level courses prescribed by
 24 this section or in other courses approved by the department.

25 (b) For compliance periods beginning on January 1,
 26 1998, a person who has been licensed for a period of 6 or more
 27 years must complete 20 hours every 3 ~~2~~ years in intermediate
 28 or advanced-level courses prescribed by this section or in
 29 other courses approved by the department.

30 (c) A licensee who has been licensed for 25 years or
 31 more and is a CLU or a CPCU or has a Bachelor of Science

1 degree in risk management or insurance with evidence of 18 or
2 more semester hours in upper-level insurance-related courses
3 must complete 14 hours of continuing education courses every 3
4 ~~2~~ years in courses prescribed by this section or in other
5 courses approved by the department, except, for compliance
6 periods beginning January 1, 1998, the licensees described in
7 this paragraph shall be required to complete 10 hours of
8 continuing education courses every 3 ~~2~~ years.

9 (d) Any person who holds a license as a customer
10 representative, limited customer representative,
11 administrative agent, title agent, solicitor, motor vehicle
12 physical damage and mechanical breakdown insurance agent, crop
13 or hail and multiple-peril crop insurance agent, or as an
14 industrial fire insurance or burglary insurance agent and who
15 is not a licensed life or health insurance agent, shall be
16 required to complete 14 hours of continuing education courses
17 every 3 ~~2~~ years, except, for compliance periods beginning on
18 January 1, 1998, each licensee subject to this paragraph shall
19 be required to complete 10 hours of continuing education
20 courses every 3 ~~2~~ years.

21 (e) Any person who holds a license to solicit or sell
22 life or health insurance and a license to solicit or sell
23 property, casualty, surety, or surplus lines insurance must
24 complete the continuing education requirements by completing
25 courses in life or health insurance for one-half of the total
26 hours required and courses in property, casualty, surety, or
27 surplus lines insurance for one-half of the total hours
28 required. However, a licensee who holds an industrial fire or
29 burglary insurance license and who is a licensed life or
30 health agent shall be required to complete 4 hours of
31 continuing education courses every 3 ~~2~~ years related to

1 industrial fire or burglary insurance and the remaining number
2 of hours of continuing education courses required related to
3 life or health insurance.

4 (f) Compliance with continuing education requirements
5 is a condition precedent to the issuance, continuation,
6 reinstatement, or renewal of any appointment subject to this
7 section.

8 (g) A person teaching any approved course of
9 instruction or lecturing at any approved seminar and attending
10 the entire course or seminar shall qualify for the same number
11 of classroom hours as would be granted to a person taking and
12 successfully completing such course, seminar, or program.
13 Credit shall be limited to the number of hours actually taught
14 unless a person attends the entire course or seminar. Any
15 person who is an official of or employed by any governmental
16 entity in this state and serves as a professor, instructor, or
17 in any other position or office the duties and
18 responsibilities of which are determined by the department to
19 require monitoring and review of insurance laws or insurance
20 regulations and practices shall be exempt from this section.

21 (h) Excess classroom hours accumulated during any
22 compliance period may be carried forward to the next
23 compliance period.

24 (i) For good cause shown, the department may grant an
25 extension of time during which the requirements imposed by
26 this section may be completed, but such extension of time may
27 not exceed 1 year.

28 (j) A nonresident who must complete continuing
29 education requirements in his or her home state may use the
30 home state requirements to meet this state's continuing
31 education requirements as well, if the resident's state

1 recognizes reciprocity with this state's continuing education
2 requirements. A nonresident whose home state does not have a
3 continuing education requirement but is licensed for the same
4 class of business in another state which does have a
5 continuing education requirement may comply with this section
6 by furnishing proof of compliance with the other state's
7 requirement if that state has a reciprocal agreement with this
8 state relative to continuing education. A nonresident whose
9 home state does not have such continuing education
10 requirements, and who is not licensed as a nonresident agent
11 in a state that has continuing education requirements and
12 reciprocates with this state, must meet the continuing
13 education requirements of this state.

14 (4) The following courses may be completed in order to
15 meet the continuing education course requirements:

16 (a) Any part of the Life Underwriter Training Council
17 Life Course Curriculum: 28 hours; Health Course: 14 hours.

18 (b) Any part of the American College "CLU" diploma
19 curriculum: 28 hours.

20 (c) Any part of the Insurance Institute of America's
21 program in general insurance: 14 hours.

22 (d) Any part of the American Institute for Property
23 and Liability Underwriters' Chartered Property Casualty
24 Underwriter (CPCU) professional designation program: 28
25 hours.

26 (e) Any part of the Certified Insurance Counselor
27 program: 21 hours.

28 (f) Any part of the Accredited Advisor in Insurance:
29 21 hours.

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1 (g) In the case of title agents, completion of the
2 Certified Land Closer (CLC) professional designation program
3 and receipt of the designation: 28 hours.

4 (h) In the case of title agents, completion of the
5 Certified Land Searcher (CLS) professional designation program
6 and receipt of the designation: 28 hours.

7 (i) Any insurance-related course which is approved by
8 the department and taught by an accredited college or
9 university per credit hour granted: 14 hours.

10 (j) Any course, including courses relating to agency
11 management or errors and omissions, developed or sponsored by
12 any authorized insurer or recognized agents' association or
13 insurance trade association or any independent study program
14 of instruction, subject to approval by the department,
15 qualifies for the equivalency of the number of classroom hours
16 assigned thereto by the department. However, unless otherwise
17 provided in this section, continuing education hours may not
18 be credited toward meeting the requirements of this section
19 unless the course is provided by classroom instruction or
20 results in a monitored examination.

21 (k) For insurance agents who are also members of The
22 Florida Bar, any insurance-related course that is approved by
23 the department and approved by The Florida Bar for continuing
24 education credit for attorneys.

25 (l)~~(k)~~ Each person or entity sponsoring a course for
26 continuing education credit must furnish, within 30 days after
27 completion of the course, in a form satisfactory to the
28 department or its designee, a written and certified roster
29 showing the name and license number of all persons
30 successfully completing such course and requesting credit,
31 accompanied by the required fee.

1 Section 2. Paragraph (e) of subsection (2) of section
2 627.062, Florida Statutes, is amended to read:

3 627.062 Rate standards.--

4 (2) As to all such classes of insurance:

5 (e) After consideration of the rate factors provided
6 in paragraphs (b), (c), and (d), a rate may be found by the
7 department to be excessive, inadequate, or unfairly
8 discriminatory based upon the following standards:

9 1. Rates shall be deemed excessive if they are likely
10 to produce a profit from Florida business that is unreasonably
11 high in relation to the risk involved in the class of business
12 or if expenses are unreasonably high in relation to services
13 rendered.

14 2. Rates shall be deemed excessive if, among other
15 things, the rate structure established by a stock insurance
16 company provides for replenishment of surpluses from premiums,
17 when the replenishment is attributable to investment losses.

18 3. Rates shall be deemed inadequate if they are
19 clearly insufficient, together with the investment income
20 attributable to them, to sustain projected losses and expenses
21 in the class of business to which they apply.

22 4. A rating plan, including discounts, credits, or
23 surcharges, shall be deemed unfairly discriminatory if it
24 fails to clearly and equitably reflect consideration of the
25 policyholder's participation in a risk management program
26 adopted pursuant to s. 627.0625.

27 5. A rate shall be deemed inadequate as to the premium
28 charged to a risk or group of risks if discounts or credits
29 are allowed which exceed a reasonable reflection of expense
30 savings and reasonably expected loss experience from the risk
31 or group of risks.

1 6. A rate shall be deemed unfairly discriminatory as
2 to a risk or group of risks if the application of premium
3 discounts, credits, or surcharges among such risks does not
4 bear a reasonable relationship to the expected loss and
5 expense experience among the various risks.

6 7. With respect to commercial property and casualty
7 insurance, other than workers' compensation and residential
8 property insurance, insurers or insurer groups must maintain
9 supporting information, including the premiums, paid losses,
10 reserved losses, and allocated loss adjustment expenses paid
11 or reserved, for analysis of subjective discount, credit or
12 surcharge rate modifications, and the expected loss and
13 expense experience for the exposures. Insurers who are
14 affiliated with a licensed rating organization for filing
15 purposes and use the rating organization's schedule rating
16 plan may rely upon that organization. The experience must be
17 accumulated in at least three categories, including debit
18 rated risks, credit rated risks, and risks rated at the manual
19 level. Generally accepted actuarial procedures shall be used
20 in the analysis of this experience. Each insurer shall
21 consider its analysis of this experience in each base rate
22 filing made with the department. Insurers may not be required
23 to file reports on the application of filed and approved
24 discounts, credits, and surcharges for individual policies or
25 for all policies in any line of insurance subject to the
26 provisions of this subparagraph in the aggregate and may not
27 be limited by rules that limit the amount of discounts,
28 credits, or surcharges for individual policies or for all
29 policies in any line of insurance subject to the provisions of
30 this subparagraph in the aggregate. This subparagraph does not

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1 prohibit the department from requiring the filing of the
2 analysis required by this subsection in a base rate filing.

3 Section 3. Section 627.171, Florida Statutes, is
4 amended to read:

5 627.171 Excess rates.--

6 (1) With written consent of the insured signed prior
7 to the policy inception date and filed with the insurer, the
8 insurer may use a rate in excess of the otherwise applicable
9 filed rate on any specific risk. The signed consent form must
10 include the filed rate as well as the excess rate for the risk
11 insured and a copy of the form must be maintained by the
12 insurer for 3 years and be available for review by the
13 department.

14 (2) An insurer may not use excess rates pursuant to
15 this section for more than 20 ~~10~~ percent of its commercial
16 insurance policies written or renewed in each calendar year
17 for any line of commercial insurance or for more than 5
18 percent of its personal lines insurance policies written or
19 renewed in each calendar year for any line of personal
20 insurance.

21 (3) An insurer may not use an excess rate pursuant to
22 this section unless the rate is based on underwriting
23 considerations and is not based on arbitrary or unfairly
24 discriminatory considerations.

25 Section 4. This act shall take effect October 1, 1998.
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 1930

Revises the provisions relating to discounts, credits, and surcharges, to limit the application of the bill to commercial property and casualty insurance policies, except workers' compensation and residential property insurance policies.

Requires insurers writing commercial property and casualty insurance policies to maintain certain data for analysis of subjective discounts, credits, or surcharges and to consider its analysis of this experience in each base rate filing made with the department.

Lowers continuing education requirements for insurance agents, by extending the time period from two years to three years, within which an insurance agent must complete the required number of hours of continuing education.