

By Representative Arnall

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 627.062, F.S.; providing procedures for
4 incorporating certain expenses into residential
5 rate filings; providing additional procedures
6 for residential rate filings based on certain
7 factors; providing an effective date.

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

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11 Section 1. Subsection (5) of section 627.062, Florida
12 Statutes, 1996 Supplement, is amended to read:

13 627.062 Rate standards.--

14 (5) Notwithstanding subsection (2), the following
15 provisions apply to residential coverage, as defined in s.
16 627.4025:17 (a) With respect to a rate filing involving coverage
18 of the type for which the insurer is required to pay a
19 reimbursement premium to the Florida Hurricane Catastrophe
20 Fund, the insurer may fully recoup in its property insurance
21 premiums any reimbursement premiums paid to the Florida
22 Hurricane Catastrophe Fund, together with reasonable costs of
23 other reinsurance, but may not recoup reinsurance costs that
24 duplicate reasonably anticipated recoveries from coverage
25 provided by the Florida Hurricane Catastrophe Fund.
26 Reasonably anticipated recoveries may not exceed an amount
27 determined by the following formula: the amount of the
28 insurer's annual premium payment to the fund, divided by the
29 total amount of all insurers' annual premium payments to the
30 fund, multiplied by the sum of the liquid assets of the fund
31 and 75 percent of the reasonable expected bonding capacity of

1 the fund. The department has the burden of proving by a
2 preponderance of the evidence in any proceeding in which the
3 department alleges that any part of the rate is excessive
4 because the rate reflects reinsurance costs which duplicate
5 reasonably anticipated recoveries from the fund. A rate
6 filing made pursuant to this subsection must be made not later
7 than 30 days after the effective date and is exempt from the
8 provisions of subparagraph (2)(a)2.

9 (b) With respect to a rate filing made pursuant to s.
10 627.3512, if the rate filing reflects a rate change
11 attributable entirely to residual markets assessments, the
12 filing shall be for informational purposes only and shall not
13 be subject to disapproval by the department. The filing shall
14 be made no later than 30 days after the effective date.

15 (c) With respect to rate filings based on factors
16 other than as provided in paragraphs (a) and (b):

17 1. A filing which reflects a statewide average change
18 of 9.99 percent or less shall be for informational purposes
19 only and shall not be subject to disapproval by the
20 department. The filing shall be made no later than 30 days
21 after the effective date. However, an insurer may not change
22 rates pursuant to this subparagraph more than once every 6
23 months.

24 2. A filing which reflects a statewide average change
25 of 10 percent or greater but less than 25 percent shall be
26 subject to the provisions of subsection (2), except, in any
27 proceeding relating to the legality of the rate, the
28 department has the burden of proving by a preponderance of
29 evidence that the rate is excessive or unfairly
30 discriminatory.

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1 3. A filing which reflects a statewide average change
2 of 25 percent or greater shall be subject to all of the
3 provisions of subsection (2).

4 Section 2. This act shall take effect upon becoming a
5 law.

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8 HOUSE SUMMARY

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10 Provides procedures for incorporating expenses incurred
11 by insurers due to catastrophe fund premium payments and
12 residual market deficit assessments into residential
13 insurance rate filings. Provides procedures for
14 residential insurance rate filings for other factors
15 based on the amount of proposed statewide average change.
16 See bill for details.

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