

By the Committee on Banking and Insurance and Senator Grant

311-2048-98

1                                   A bill to be entitled  
2           An act relating to insurance; amending s.  
3           624.316, F.S.; deleting certain rulemaking  
4           authority of the Department of Insurance  
5           relating to insurer compliance; amending s.  
6           627.7275, F.S.; modifying coverage requirements  
7           and premiums relating to motor vehicle property  
8           damage liability; amending s. 624.426, F.S.;  
9           providing that certain transferred policies are  
10          exempt from the resident agent and  
11          countersignature law; amending s. 627.9126,  
12          F.S.; deleting the requirement that the  
13          Department of Insurance conduct an annual  
14          sampling of certain claims information required  
15          to be maintained by liability insurers;  
16          amending s. 627.913, F.S.; deleting the  
17          requirement that insurers file product  
18          liability insurance reports; authorizing the  
19          department to require such reports upon  
20          request; providing an effective date.

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

23  
24           Section 1. Paragraph (f) of subsection (2) of section  
25 624.316, Florida Statutes, is amended to read:

26           624.316 Examination of insurers.--

27           (2)

28           (f)1.a. An examination under this section must be  
29 conducted at least once every year with respect to a domestic  
30 insurer that has continuously held a certificate of authority  
31 for less than 3 years. The examination must cover the

1 preceding fiscal year or the period since the last examination  
2 of the insurer. The department may limit the scope of the  
3 examination if ~~the insurer has demonstrated sufficient~~  
4 ~~compliance as determined under subparagraph 3.~~

5 b. The department may not accept an independent  
6 certified public accountant's audit report in lieu of an  
7 examination required by this subparagraph.

8 c. An insurer may not be required to pay more than  
9 \$25,000 to cover the costs of any one examination under this  
10 subparagraph.

11 2. An examination under this section must be conducted  
12 not less frequently than once every 5 years with respect to an  
13 insurer that has continuously held a certificate of authority,  
14 without a change in ownership subject to s. 624.4245 or s.  
15 628.461, for more than 15 years ~~and has demonstrated~~  
16 ~~sufficient compliance as determined under subparagraph 3.~~ The  
17 examination must cover the preceding 5 fiscal years of the  
18 insurer or the period since the last examination of the  
19 insurer. This subparagraph does not limit the ability of the  
20 department to conduct more frequent examinations.

21 3. ~~The department must, by rule, adopt procedures and~~  
22 ~~criteria for determining if an insurer has demonstrated~~  
23 ~~sufficient compliance with this code and cooperation with the~~  
24 ~~department. The rules must include consideration of such~~  
25 ~~factors as financial strength, timeliness, consumer service,~~  
26 ~~economic and community contributions and support,~~  
27 ~~responsiveness to department requests, and any other relevant~~  
28 ~~factors. The department must annually publish and disseminate~~  
29 ~~a listing of those insurers found to demonstrate sufficient~~  
30 ~~compliance under the rules, including special recognition for~~  
31 ~~community contributions and support.~~

1           Section 2. Paragraph (a) of subsection (2) of section  
2 627.7275, Florida Statutes, is amended to read:

3           627.7275 Motor vehicle property damage liability.--

4           (2)(a) Insurers writing motor vehicle insurance in  
5 this state shall make available, subject to the insurers'  
6 usual underwriting restrictions, coverage under policies as  
7 described in subsection (1) of this section to any applicant  
8 for private passenger motor vehicle insurance coverage who is  
9 seeking the coverage in order to reinstate the applicant's  
10 driving privileges in this state when the driving privileges  
11 were revoked or suspended pursuant to s. 316.646 or s. 627.733  
12 due to the failure of the applicant to maintain required  
13 security. The policy shall be issued for a period of at least  
14 6 months and as to the minimum coverages required under this  
15 section shall not be cancelable by the insured for any reason  
16 or by the insurer after a period not to exceed 30 days during  
17 which the insurer must complete underwriting of the policy.  
18 After the insurer has completed underwriting the policy within  
19 the 30-day period, the insurer shall notify the Department of  
20 Highway Safety and Motor Vehicles that the policy is in full  
21 force and effect and the policy shall not be cancelable for  
22 the remainder of the policy period. A premium shall be  
23 collected and coverage shall be in effect for the 30-day  
24 period during which the insurer is completing the underwriting  
25 of the policy whether or not the person's driver license,  
26 motor vehicle tag, and motor vehicle registration are in  
27 effect. Once the noncancelable provisions of the policy  
28 become effective, the coverage or risk shall not be changed  
29 during the policy period and the premium shall be  
30 nonrefundable ~~fully earned~~. If, during the pendency of the  
31 2-year proof of insurance period required under s. 627.733(7),

1 the insured obtains additional coverage or coverage for an  
2 additional risk or changes territories, the insured then she  
3 ~~or he~~ must obtain a new 6-month noncancelable policy in  
4 accordance with the provisions of this section. However, if  
5 the insured must obtain a new 6-month policy and obtains the  
6 policy from the same insurer, the policyholder shall receive  
7 credit on the new policy for any premium paid on the  
8 previously issued policy.

9 Section 3. Subsection (4) is added to s. 624.426,  
10 Florida Statutes, to read:

11 624.426 Exceptions to resident agent and  
12 countersignature law.--Section 624.425 does not apply to:

13 (4) Policies of insurance issued by insurers whose  
14 agents represent only one company or group of companies under  
15 common ownership if a company within one group is transferring  
16 policies to another company within the same group and the  
17 agent of record remains the same.

18 Section 4. Subsection (1) of section 627.9126, Florida  
19 Statutes, is amended to read:

20 627.9126 Annual reports of information by liability  
21 insurers required.--

22 (1) Each insurer transacting commercial multiperil,  
23 products liability, commercial automobile liability, private  
24 passenger automobile liability, or other line of liability  
25 insurance shall maintain information as specified in this  
26 section. Such information shall be maintained for each line of  
27 insurance and for direct Florida business only. The department  
28 ~~may~~ shall annually conduct a sampling of claims or actions for  
29 damages for personal injury or property damage claimed to have  
30 been caused by error, omission, or negligence of insureds if  
31 the claim resulted in:

- 1 (a) A final judgment in any amount.  
2 (b) A settlement in any amount.  
3 (c) A final disposition not resulting in payment on  
4 behalf of the insured.

5 Section 5. Section 627.913, Florida Statutes, is  
6 amended to read:

7 627.913 Reports of information by products liability  
8 insurers required.--

9 ~~(1)~~ The department may require any insurer authorized  
10 to write a policy of products liability insurance in the state  
11 to shall transmit the following information specified in this  
12 section, based on its statewide products liability insurance  
13 writings. Upon request of the department, an insurer shall,  
14 within 60 days, submit to the department a report that  
15 contains the following information, to the department each  
16 year in the annual report of such insurer:

- 17 (1)~~(a)~~ Premiums written;  
18 (2)~~(b)~~ Premiums earned;  
19 (3)~~(c)~~ Unearned premiums;  
20 (4)~~(d)~~ The dollar amount of claims paid;  
21 (5)~~(e)~~ Incurred claims, not including claims incurred  
22 but not reported;  
23 (6)~~(f)~~ Claims closed without payment, and the amount  
24 reserved for such claims;  
25 (7)~~(g)~~ Loss reserves for all claims except claims  
26 incurred but not reported;  
27 (8)~~(h)~~ Reserves for claims incurred but not reported;  
28 (9)~~(i)~~ Losses paid as a percentage of the amount  
29 reserved for such losses;  
30 (10)~~(j)~~ Net investment gain or loss and other income  
31 gain or loss allocated to products liability lines according

1 to the allocation formula used in the annual insurance expense  
2 exhibit;

3 (11)~~(k)~~ Underwriting income or loss;

4 (12)~~(l)~~ Actual expenses in detail, including, but not  
5 limited to, loss adjustment expense; commissions; general  
6 expense; and advertising, home office, and defense costs;

7 (13)~~(m)~~ Claims settled after a suit was filed;

8 (14)~~(n)~~ Claims paid based on a judgment; and

9 (15)~~(o)~~ Judgments appealed by the insurer, together  
10 with the total results of such appeals.

11 ~~(2) The department shall provide a summary of~~  
12 ~~information provided pursuant to subsection (1) in its annual~~  
13 ~~report.~~

14 ~~(3) In the first year that an insurer makes a report~~  
15 ~~pursuant to subsection (1), the insurer shall provide only the~~  
16 ~~information required by paragraphs (a) through (l) of~~  
17 ~~subsection (1) and shall provide such information for the~~  
18 ~~current year and the 3 previous years.~~

19 Section 6. This act shall take effect October 1, 1998.  
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
COMMITTEE SUBSTITUTE FOR  
Senate Bill 994

Removes the provision that civil remedy notices are not complaints for purposes of records retention by insurers.

Deletes the provision that an insurer's independent medical examination (IME) pursuant to a disputed personal injury protection (PIP) claim be conducted in a location reasonably accessible to the insured.

Removes the repeal of PIP (personal injury protection) provision relating to how medical payments insurance benefits must be determined.

Removes the provision that an insurer place the entire amount of insurance coverage into a court registry when there are multiple claimants.

Deletes the countersignature requirement by the agent of record when an insurance policy is transferred from one company in an insurance company group to another in the same group.

Provides that the Department of Insurance may, rather than shall, annually require that an insurer report certain information relating to product liability insurance.