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Amendment No. ____ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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Representative(s) Cosgrove offered the following:

Amendment (with title amendment)

On page 11, line 25, through page 18, line 28,
remove from the bill: all of said lines,

and insert in lieu thereof:

d.(I) When the deficit incurred in a particular
calendar year is 10 percent or less of the aggregate statewide
direct written premium for property insurance for the prior
calendar year for all member insurers, the association shall
levy an assessment on member insurers in an amount equal to
the deficit.

(II) When the deficit incurred in a particular
calendar year exceeds 10 percent of the aggregate statewide
direct written premium for property insurance for the prior
calendar year for all member insurers, the association shall
levy an assessment on member insurers in an amount equal to
the greater of 10 percent of the deficit or 10 percent of the
aggregate statewide direct written premium for property
insurance for the prior calendar year for member insurers. Any

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1 remaining deficit shall be recovered through emergency
2 assessments under sub-sub-subparagraph (III).
3 (III) Upon a determination by the board of directors
4 that a deficit exceeds the amount that will be recovered
5 through regular assessments on member insurers, pursuant to
6 sub-sub-subparagraph (I) or sub-sub-subparagraph (II), the
7 board shall levy, after verification by the department,
8 emergency assessments to be collected by member insurers, by
9 surplus lines insurers, and by underwriting associations
10 created pursuant to this section which write property
11 insurance, upon issuance or renewal of property insurance
12 policies other than National Flood Insurance policies in the
13 year or years following levy of the regular assessments. The
14 amount of the emergency assessment collected in a particular
15 year shall be a uniform percentage of that year's direct
16 written premium for property insurance for all member
17 insurers, surplus lines insurers, and underwriting
18 associations, excluding National Flood Insurance policy
19 premiums, as annually determined by the board and verified by
20 the department. The department shall verify the arithmetic
21 calculations involved in the board's determination within 30
22 days after receipt of the information on which the
23 determination was based. Notwithstanding any other provision
24 of law, each member insurer, each surplus lines insurer, and
25 each underwriting association created pursuant to this section
26 shall collect emergency assessments from its policyholders
27 without such obligation being affected by any credit,
28 limitation, exemption, or deferment. The emergency
29 assessments so collected shall be transferred directly to the
30 association on a periodic basis as determined by the
31 association. The aggregate amount of emergency assessments

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1 levied under this sub-sub-subparagraph in any calendar year
2 may not exceed the greater of 10 percent of the amount needed
3 to cover the original deficit, plus interest, fees,
4 commissions, required reserves, and other costs associated
5 with financing of the original deficit, or 10 percent of the
6 aggregate statewide direct written premium for property
7 insurance written by member insurers and underwriting
8 associations for the prior year, plus interest, fees,
9 commissions, required reserves, and other costs associated
10 with financing the original deficit. The board may pledge the
11 proceeds of the emergency assessments under this
12 sub-sub-subparagraph as the source of revenue for bonds, to
13 retire any other debt incurred as a result of the deficit or
14 events giving rise to the deficit, or in any other way that
15 the board determines will efficiently recover the deficit. The
16 emergency assessments under this sub-sub-subparagraph shall
17 continue as long as any bonds issued or other indebtedness
18 incurred with respect to a deficit for which the assessment
19 was imposed remain outstanding, unless adequate provision has
20 been made for the payment of such bonds or other indebtedness
21 pursuant to the document governing such bonds or other
22 indebtedness. Emergency assessments collected under this
23 sub-sub-subparagraph are not part of an insurer's rates, are
24 not premium, and are not subject to premium tax, fees, or
25 commissions; however, failure to pay the emergency assessment
26 shall be treated as failure to pay premium.

27 (IV) Each member insurer's share of the total regular
28 assessments under sub-sub-subparagraph (I) or
29 sub-sub-subparagraph (II) shall be in the proportion that the
30 insurer's net direct premium for property insurance in this
31 state, for the year preceding the assessment bears to the

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1 aggregate statewide net direct premium for property insurance
2 of all member insurers, as reduced by any credits for
3 voluntary writings for that year.

4 (V) If regular deficit assessments are made under
5 sub-sub-subparagraph (I) or sub-sub-subparagraph (II), or by
6 the Residential Property and Casualty Joint Underwriting
7 Association under sub-subparagraph (6)(b)3.a. or
8 sub-subparagraph (6)(b)3.b., the association shall levy upon
9 the association's policyholders, as part of its next rate
10 filing, or by a separate rate filing solely for this purpose,
11 a market equalization surcharge in a percentage equal to the
12 total amount of such regular assessments divided by the
13 aggregate statewide direct written premium for property
14 insurance for member insurers for the prior calendar year.
15 Market equalization surcharges under this sub-sub-subparagraph
16 are not considered premium and are not subject to commissions,
17 fees, or premium taxes; however, failure to pay a market
18 equalization surcharge shall be treated as failure to pay
19 premium.

20 e. The governing body of any unit of local government,
21 any residents of which are insured under the plan, may issue
22 bonds as defined in s. 125.013 or s. 166.101 to fund an
23 assistance program, in conjunction with the association, for
24 the purpose of defraying deficits of the association. In order
25 to avoid needless and indiscriminate proliferation,
26 duplication, and fragmentation of such assistance programs,
27 any unit of local government, any residents of which are
28 insured by the association, may provide for the payment of
29 losses, regardless of whether or not the losses occurred
30 within or outside of the territorial jurisdiction of the local
31 government. Revenue bonds may not be issued until validated

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1 pursuant to chapter 75, unless a state of emergency is
2 declared by executive order or proclamation of the Governor
3 pursuant to s. 252.36 making such findings as are necessary to
4 determine that it is in the best interests of, and necessary
5 for, the protection of the public health, safety, and general
6 welfare of residents of this state and the protection and
7 preservation of the economic stability of insurers operating
8 in this state, and declaring it an essential public purpose to
9 permit certain municipalities or counties to issue bonds as
10 will provide relief to claimants and policyholders of the
11 association and insurers responsible for apportionment of plan
12 losses. Any such unit of local government may enter into such
13 contracts with the association and with any other entity
14 created pursuant to this subsection as are necessary to carry
15 out this paragraph. Any bonds issued under this
16 sub-subparagraph shall be payable from and secured by moneys
17 received by the association from assessments under this
18 subparagraph, and assigned and pledged to or on behalf of the
19 unit of local government for the benefit of the holders of
20 such bonds. The funds, credit, property, and taxing power of
21 the state or of the unit of local government shall not be
22 pledged for the payment of such bonds. If any of the bonds
23 remain unsold 60 days after issuance, the department shall
24 require all insurers subject to assessment to purchase the
25 bonds, which shall be treated as admitted assets; each insurer
26 shall be required to purchase that percentage of the unsold
27 portion of the bond issue that equals the insurer's relative
28 share of assessment liability under this subsection. An
29 insurer shall not be required to purchase the bonds to the
30 extent that the department determines that the purchase would
31 endanger or impair the solvency of the insurer. The authority

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1 granted by this sub-subparagraph is additional to any bonding
2 authority granted by subparagraph 6.

3 3. The plan shall also provide that any member with a
4 surplus as to policyholders of \$20 million or less writing 25
5 percent or more of its total countrywide property insurance
6 premiums in this state may petition the department, within the
7 first 90 days of each calendar year, to qualify as a limited
8 apportionment company. The apportionment of such a member
9 company in any calendar year for which it is qualified shall
10 not exceed its gross participation, which shall not be
11 affected by the formula for voluntary writings. In no event
12 shall a limited apportionment company be required to
13 participate in any apportionment of losses pursuant to
14 sub-sub-subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II)
15 in the aggregate which exceeds \$50 million after payment of
16 available plan funds in any calendar year. However, a limited
17 apportionment company shall collect from its policyholders any
18 emergency assessment imposed under sub-sub-subparagraph
19 2.d.(III). The plan shall provide that, if the department
20 determines that any regular assessment will result in an
21 impairment of the surplus of a limited apportionment company,
22 the department may direct that all or part of such assessment
23 be deferred. However, there shall be no limitation or
24 deferment of an emergency assessment to be collected from
25 policyholders under sub-sub-subparagraph 2.d.(III).

26 4. The plan shall provide for the deferment, in whole
27 or in part, of a regular assessment of a member insurer under
28 sub-sub-subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II),
29 but not for an emergency assessment collected from
30 policyholders under sub-sub-subparagraph 2.d.(III), if, in the
31 opinion of the commissioner, payment of such regular

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1 assessment would endanger or impair the solvency of the member
 2 insurer. In the event a regular assessment against a member
 3 insurer is deferred in whole or in part, the amount by which
 4 such assessment is deferred may be assessed against the other
 5 member insurers in a manner consistent with the basis for
 6 assessments set forth in sub-sub-subparagraph 2.d.(I) or
 7 sub-sub-subparagraph 2.d.(II).

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10 ===== T I T L E A M E N D M E N T =====

11 And the title is amended as follows:

12 On page 1, lines 18-22,
 13 remove from the title of the bill: all of said lines,
 14
 15 and insert in lieu thereof:

16 "qualified offer of coverage"; providing

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