

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

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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ORIGINAL STAMP BELOW

Representative(s) Rayson and Cosgrove offered the following:

Amendment (with title amendment)

On page 8, line 11 through page 11, line 18
remove from the bill: all of said lines

and insert in lieu thereof:

~~(8)(a) For the purposes of subsections (6) and (7),
benefits of an individual accident and health insurance policy
form, including Medicare supplement policies as defined in s.
627.672, when authorized by rules adopted by the department,
and excluding long-term care insurance policies as defined in
s. 627.9404, and other policy forms under which more than 50
percent of the policies are issued to individuals age 65 and
over, are deemed to be reasonable in relation to premium rates
if the rates are filed pursuant to a loss ratio guarantee and
both the initial rates and the durational and lifetime loss
ratios have been approved by the department, and such benefits
shall continue to be deemed reasonable for renewal rates while
the insurer complies with such guarantee, provided the
currently expected lifetime loss ratio is not more than 5~~

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1 ~~percent less than the filed lifetime loss ratio as certified~~
2 ~~to by an actuary. The department shall have the right to~~
3 ~~bring an administrative action should it deem that the~~
4 ~~lifetime loss ratio will not be met. For Medicare supplement~~
5 ~~filings, the department may withdraw a previously approved~~
6 ~~filing which was made pursuant to a loss ratio guarantee if it~~
7 ~~determines that the filing is not in compliance with ss.~~
8 ~~627.671-627.675 or the currently expected lifetime loss ratio~~
9 ~~is less than the filed lifetime loss ratio as certified by an~~
10 ~~actuary in the initial guaranteed loss ratio filing. If this~~
11 ~~section conflicts with ss. 627.671-627.675, ss.~~
12 ~~627.671-627.675 shall control.~~

13 (b) ~~The renewal premium rates shall be deemed to be~~
14 ~~approved upon filing with the department if the filing is~~
15 ~~accompanied by the most current approved loss ratio guarantee.~~
16 ~~The loss ratio guarantee shall be in writing, shall be signed~~
17 ~~by an officer of the insurer, and shall contain at least:~~

18 1. ~~A recitation of the anticipated lifetime and~~
19 ~~durational target loss ratios contained in the actuarial~~
20 ~~memorandum filed with the policy form when it was originally~~
21 ~~approved. The durational target loss ratios shall be~~
22 ~~calculated for 1-year experience periods. If statutory~~
23 ~~changes have rendered any portion of such actuarial memorandum~~
24 ~~obsolete, the loss ratio guarantee shall also include an~~
25 ~~amendment to the actuarial memorandum reflecting current law~~
26 ~~and containing new lifetime and durational loss ratio targets.~~

27 2. ~~A guarantee that the applicable loss ratios for the~~
28 ~~experience period in which the new rates will take effect, and~~
29 ~~for each experience period thereafter until new rates are~~
30 ~~filed, will meet the loss ratios referred to in subparagraph~~
31 ~~1.~~

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1 ~~3. A guarantee that the applicable loss ratio results~~
2 ~~for the experience period will be independently audited at the~~
3 ~~insurer's expense. The audit shall be performed in the second~~
4 ~~calendar quarter of the year following the end of the~~
5 ~~experience period, and the audited results shall be reported~~
6 ~~to the department no later than the end of such quarter. The~~
7 ~~department shall establish by rule the minimum information~~
8 ~~reasonably necessary to be included in the report. The audit~~
9 ~~shall be done in accordance with accepted accounting and~~
10 ~~actuarial principles.~~

11 ~~4. A guarantee that affected policyholders in this~~
12 ~~state shall be issued a proportional refund, based on the~~
13 ~~premium earned, of the amount necessary to bring the~~
14 ~~applicable experience period loss ratio up to the durational~~
15 ~~target loss ratio referred to in subparagraph 1. The refund~~
16 ~~shall be made to all policyholders in this state who are~~
17 ~~insured under the applicable policy form as of the last day of~~
18 ~~the experience period, except that no refund need be made to a~~
19 ~~policyholder in an amount less than \$10. Refunds less than \$10~~
20 ~~shall be aggregated and paid pro rata to the policyholders~~
21 ~~receiving refunds. The refund shall include interest at the~~
22 ~~then-current variable loan interest rate for life insurance~~
23 ~~policies established by the National Association of Insurance~~
24 ~~Commissioners, from the end of the experience period until the~~
25 ~~date of payment. Payments shall be made during the third~~
26 ~~calendar quarter of the year following the experience period~~
27 ~~for which a refund is determined to be due. However, no~~
28 ~~refunds shall be made until 60 days after the filing of the~~
29 ~~audit report in order that the department has adequate time to~~
30 ~~review the report.~~

31 ~~5. A guarantee that if the applicable loss ratio~~

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~~1 exceeds the durational target loss ratio for that experience
2 period by more than 20 percent, provided there are at least
3 2,000 policyholders on the form nationwide or, if not, then
4 accumulated each calendar year until 2,000 policyholder years
5 is reached, the insurer, if directed by the department, shall
6 withdraw the policy form for the purposes of issuing new
7 policies.~~

~~8 (c) As used in this subsection:~~

~~9 1. "Loss ratio" means the ratio of incurred claims to
10 earned premium.~~

~~11 2. "Applicable loss ratio" means the loss ratio
12 attributable solely to this state if there are 2,000 or more
13 policyholders in the state. If there are 500 or more
14 policyholders in this state but less than 2,000, it is the
15 linear interpolation of the nationwide loss ratio and the loss
16 ratio for this state. If there are less than 500
17 policyholders in this state, it is the nationwide loss ratio.~~

~~18 3. "Experience period" means the period, ordinarily a
19 calendar year, for which a loss ratio guarantee is calculated.~~

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21
22 ===== T I T L E A M E N D M E N T =====

23 And the title is amended as follows:

24 On page 1, line 5,

25
26 after the semicolon insert:

27 repealing language relating to loss ratio

28 guarantee;

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