

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

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

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11 Representative(s) Rayson and Cosgrove offered the following:

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13 **Substitute Amendment for Amendment (091415) (with title**
14 **amendment)**

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

17

18 and insert in lieu thereof:

19 ~~(8)(a) For the purposes of subsections (6) and (7),~~
20 ~~benefits of an individual accident and health insurance policy~~
21 ~~form, including Medicare supplement policies as defined in s.~~
22 ~~627.672, when authorized by rules adopted by the department,~~
23 ~~and excluding long-term care insurance policies as defined in~~
24 ~~s. 627.9404, and other policy forms under which more than 50~~
25 ~~percent of the policies are issued to individuals age 65 and~~
26 ~~over, are deemed to be reasonable in relation to premium rates~~
27 ~~if the rates are filed pursuant to a loss ratio guarantee and~~
28 ~~both the initial rates and the durational and lifetime loss~~
29 ~~ratios have been approved by the department, and such benefits~~
30 ~~shall continue to be deemed reasonable for renewal rates while~~
31 ~~the insurer complies with such guarantee, provided the~~

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1 ~~currently expected lifetime loss ratio is not more than 5~~
2 ~~percent less than the filed lifetime loss ratio as certified~~
3 ~~to by an actuary. The department shall have the right to~~
4 ~~bring an administrative action should it deem that the~~
5 ~~lifetime loss ratio will not be met. For Medicare supplement~~
6 ~~filings, the department may withdraw a previously approved~~
7 ~~filing which was made pursuant to a loss ratio guarantee if it~~
8 ~~determines that the filing is not in compliance with ss.~~
9 ~~627.671-627.675 or the currently expected lifetime loss ratio~~
10 ~~is less than the filed lifetime loss ratio as certified by an~~
11 ~~actuary in the initial guaranteed loss ratio filing. If this~~
12 ~~section conflicts with ss. 627.671-627.675, ss.~~
13 ~~627.671-627.675 shall control.~~

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

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

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

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1 ~~1.~~

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

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

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

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

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

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

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

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

24 And the title is amended as follows:

25 On page 1, line 5,

26

27 after the semicolon insert:

28 repealing language relating to loss ratio

29 guarantee;

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