

By Representative Ogles

1 A bill to be entitled
2 An act relating to insurance rates; amending s.
3 627.062, F.S.; exempting certain insurers from
4 certain rate and form filing requirements for
5 policies issued to large commercial risks;
6 authorizing surplus lines brokers to purchase
7 insurance from eligible unauthorized insurers
8 under certain circumstances for certain
9 purposes; requiring certain policies to contain
10 a certain notice; amending s. 627.171, F.S.;
11 authorizing insurers to use a rate less than
12 the applicable filed rate on any specified risk
13 under certain circumstances; providing an
14 effective date.

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

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18 Section 1. Subsection (7) is added to section 627.062,
19 Florida Statutes, to read:

20 627.062 Rate standards.--

21 (7)(a) Except for workers' compensation and employers'
22 liability insurance, insurers shall be exempt from the rate
23 and form filing requirements of this section, s. 627.0651, and
24 s. 627.410 for policies issued to large commercial risks. For
25 purposes of this paragraph, a large commercial risk is a
26 person or entity meeting any two of the following criteria:

- 27 1. Possesses a net worth in excess of \$25 million;
28 2. Generates annual revenues in excess of \$50 million;
29 3. Employs more than 50 individuals in this state on a
30 full-time basis;
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1 4. Pays annual aggregate insurance premiums, excluding
2 workers' compensation and professional liability insurance
3 premiums, in excess of \$100,000 in this state; or

4 5. Is a not-for-profit organization or public entity
5 generating annual budget expenditures of at least \$25 million.

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7 However, an insurer shall be required to file policies issued
8 to large commercial risks with the department for information
9 purposes only.

10 (b) A surplus lines broker seeking to obtain or
11 provide insurance for a large commercial risk is authorized to
12 purchase from any eligible unauthorized insurer without making
13 a diligent search of authorized insurers as required by s.
14 626.916 or s. 626.917.

15 (c) All policies issued pursuant to this subsection
16 shall contain a notice to the insured that the rate and the
17 policy forms are not subject to the filing and approval
18 requirements of this state.

19 Section 2. Section 627.171, Florida Statutes, is
20 amended to read:

21 627.171 Excess or reduced rates.--

22 (1) With written consent of the insured signed prior
23 to the policy inception date and filed with the insurer, the
24 insurer may use a rate in excess of or less than the otherwise
25 applicable filed rate on any specific risk. The signed
26 consent form must include the filed rate as well as the excess
27 or reduced rate for the risk insured and a copy of the form
28 must be maintained by the insurer for 3 years and be available
29 for review by the department.

30 (2) An insurer may not use excess or reduced rates
31 pursuant to this section for more than 10 percent of its

1 commercial insurance policies written or renewed in each
2 calendar year for any line of commercial insurance or for more
3 than 5 percent of its personal lines insurance policies
4 written or renewed in each calendar year for any line of
5 personal insurance.

6 Section 3. This act shall take effect October 1, 2000.

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HOUSE SUMMARY

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11 Exempts insurers other than workers' compensation and
12 employers' liability insurers from rate and form filing
13 requirements for policies issued to large commercial
14 risks and authorizes insurers to use a rate less than the
15 applicable filed rate on any specified risk.

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