

By the Committee on Banking and Insurance

311-619B-01

1                                   A bill to be entitled  
2           An act relating to property insurance; amending  
3           s. 627.062, F.S.; requiring insurers to  
4           maintain certain documentation relating to  
5           policy numbers and annual statement lines;  
6           exempting homeowner's insurance as to  
7           individual risk rating; defining terms;  
8           specifying conditions of large commercial risks  
9           which are sufficient to be eligible for  
10          individual risk rating; requiring documentation  
11          for individual rated risks that are not large  
12          commercial risks; requiring documentation for  
13          large commercial risks; providing for the  
14          adoption of rules by the Department of  
15          Insurance; providing an effective date.

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

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19           Section 1. Subsection (3) of section 627.062, Florida  
20 Statutes, is amended to read:

21           627.062 Rate standards.--

22           (3)(a) For individual risks that are not rated in  
23 accordance with the insurer's rates, rating schedules, rating  
24 manuals, and underwriting rules filed with the department and  
25 which have been submitted to the insurer for individual  
26 rating, the insurer must maintain documentation on each risk  
27 subject to individual risk rating. The documentation must  
28 identify the named insured, the policy number, and the annual  
29 statement line and must specify the characteristics and  
30 classification of the risk supporting the reason for the risk  
31 being individually risk rated, including any modifications to

1 existing approved forms to be used on the risk. The insurer  
2 must maintain these records for a period of at least 5 years  
3 after the effective date of the policy.

4 (b) Individual risk rates and modifications to  
5 existing approved forms are not subject to this part or part  
6 II, except for paragraph (a) and ss. 627.402, 627.403,  
7 627.4035, 627.404, 627.405, 627.406, 627.407, 627.4085,  
8 627.409, 627.4132, 627.4133, 627.415, 627.416, 627.417,  
9 627.419, 627.425, 627.426, 627.4265, 627.427, and 627.428, but  
10 are subject to all other applicable provisions of this code  
11 and rules adopted thereunder.

12 (c) This subsection does not apply to private  
13 passenger motor vehicle insurance or homeowner's insurance.

14 (d) As used in this subsection, the term:

15 1. "Individual risk" means the insurable interests of  
16 a single entity, that is, a natural person, partnership,  
17 corporation, or unincorporated association.

18 2. "Individually rated risk" means an individual risk  
19 for which an insurer provides coverage and which has not been  
20 rated in accordance with the insurer's rates, rating  
21 schedules, rating manuals, underwriting rules, and rating  
22 plans filed with the department.

23 3. "Large commercial risk" means a risk that meets any  
24 two or more of the following conditions:

25 a. Employs at least 500 full-time employees or their  
26 equivalent.

27 b. Generates annual net revenue of at least \$100  
28 million in the latest fiscal year, as reported in audited  
29 financial statements.

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1           c. Possesses a net worth of at least \$50 million in  
2 the latest fiscal year, as reported in audited financial  
3 statements.

4           d. Pays annual property and casualty insurance  
5 premiums of at least \$500,000 in total for the following types  
6 of insurance:

7               (I) Commercial property, including allied lines;

8               (II) Commercial auto; and

9               (III) Commercial general liability.

10           e. Procures insurance through a credentialed certified  
11 risk manager, or has at least 7 years' experience in risk  
12 financing, claims administration, loss prevention, or risk and  
13 insurance coverage analysis.

14           f. Is a public entity having population in excess of  
15 50,000.

16           g. Is a nonprofit organization or a public entity  
17 having a minimum annual budget of at least \$45 million.

18           (e) For individually rated risks that are not large  
19 commercial risks as defined in subparagraph (d)3., an insurer  
20 shall:

21               1. Maintain documentation that identifies the named  
22 insured, the policy number, the annual statement line, the  
23 classification of the risk, any special characteristics of the  
24 risk, the reasons why the risk is being individually rated,  
25 and the justification for the individual rate, including any  
26 modifications to existing approved policy forms used on the  
27 risk. The insurer shall maintain such records for at least 5  
28 years after the effective date of the policy; and

29               2. Complete quarterly reports in accordance with  
30 department rules.

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1           (f) The characteristics of a large commercial risk are  
2 sufficient for it to be eligible for individual risk rating.  
3 For large commercial risks that are individually rated, the  
4 insurer must:

5           1. Maintain documentation to show that the risk is a  
6 large commercial risk as defined in paragraph (d). This  
7 documentation must be maintained for a period of 5 years after  
8 the effective date of this act and is in lieu of the other  
9 documentation required by this subsection; and

10           2. Complete quarterly reports in accordance with  
11 department rules.

12           (g) The number of employees, net revenue, net worth,  
13 annual property and casualty premiums, population, or budget  
14 of a group of individual risks may not be combined to meet the  
15 conditions of a large commercial risk.

16           (h) The department may adopt rules to administer this  
17 subsection.

18           Section 2. This act shall take effect upon becoming a  
19 law.

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22           SENATE SUMMARY

23           Revises provisions relating to property insurance.  
24           Requires insurers to maintain certain documentation.  
25           Exempts certain insurers from specified rate filing  
26           requirements. Specifies conditions that large commercial  
27           risks are eligible for individual risk ratings and  
28           requires documentation for certain individual rated  
29           risks. Specifies conditions under which such exemptions  
30           apply.  
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