

By Senator Alexander

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A bill to be entitled
An act relating to insurance ratemaking;
amending s. 627.062, F.S.; providing that
specified commercial insurance rate filings are
not subject to a determination of
excessiveness; providing that such filings may
be rejected for unlawful use of unfairly
discriminatory rating factors; amending s.
627.0651, F.S.; providing that certain rate
filings for private passenger motor vehicle
insurance may take effect upon filing and are
deemed to be in compliance with state law;
requiring the Legislative Auditing Committee to
enter into a contract for an analysis of the
market and consumer impact of insurance rate
modernization; providing for funding; providing
an effective date.

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

Section 1. Paragraph (j) is added to subsection (2) of
section 627.062, Florida Statutes, to read:

627.062 Rate standards.--

(2) As to all such classes of insurance:

(j)1. Notwithstanding any other provision of this
section, a rate filing for any line of commercial insurance
coverage otherwise subject to this section is not subject to a
determination that the rate is excessive or unfairly
discriminatory, except as provided in subparagraph 3.

1 2. This paragraph does not apply to filings for
2 commercial lines residential insurance, medical malpractice
3 insurance, or workers' compensation insurance.

4 3. This paragraph does not affect the power of the
5 office to determine that a rate is inadequate or to disapprove
6 a filing for unlawful use of unfairly discriminatory rating
7 factors that are prohibited by Florida law.

8
9 The provisions of this subsection shall not apply to workers'
10 compensation and employer's liability insurance and to motor
11 vehicle insurance.

12 Section 2. Subsection (14) is added to section
13 627.0651, Florida Statutes, to read:

14 627.0651 Making and use of rates for motor vehicle
15 insurance.--

16 (14) With respect to private passenger automobile
17 insurance, notwithstanding any provision of this section to
18 the contrary:

19 (a)1. A filing made by an insurer under this section
20 which provides for an overall statewide rate increase or
21 decrease of no more than 12 percent in the aggregate for all
22 coverages that are subject to the filing may take effect the
23 date it is filed. The 12-percent limitation does not apply on
24 an individual insured basis.

25 2. An insurer may not make multiple filings under this
26 subsection in any 12-month period with respect to private
27 passenger motor vehicle insurance if the cumulative effect of
28 all of the insurer's filings is that the rate changes exceed
29 the amounts specified in this subsection. An insurer may
30 proceed under the other provisions of this section if it seeks
31 to exceed the rate limitations of this subsection.

1 (b) Rate filings falling outside of the limitations
2 provided for in paragraph (a) are subject to all of the other
3 provisions of this section, unless they are otherwise made
4 specifically exempt.

5 (c) A filing submitted pursuant to paragraph (a) is
6 deemed to comply with state law. However, if the office
7 determines that the filing is inadequate or unfairly
8 discriminatory, the office shall issue a written order
9 specifying in detail the provisions of the insurance code
10 which the insurer has violated and the reasons the filing is
11 inadequate or unfairly discriminatory and stating a reasonable
12 future date on which the filing is to be considered no longer
13 effective. An order of the office under this paragraph which
14 is issued more than 30 days after the date on which the office
15 received the rate filing is prospective only and does not
16 affect any contract issued or made effective on or before the
17 date of the order. For the purposes of this subsection, the
18 term "unfairly discriminatory" means a rate for a risk that is
19 classified in whole or in part on the basis of race, color,
20 creed, or national origin.

21 Section 3. Analysis of the market and consumer impact
22 of insurance rate modernization.--

23 (1) The Legislative Auditing Committee shall enter
24 into a contract with a national actuarial consulting firm to
25 provide, no later than March 1, 2006, a detailed analysis of
26 the market and consumer impact of this act and of the
27 potential impact of similar legislation on other lines of
28 insurance. The analysis shall include a year-by-year
29 comparison of the number of companies participating in the
30 market for each class of insurance and relative rate levels
31 and shall also specify:

1 (a) The number of rate filings made under section
2 627.0651(14), Florida Statutes, and the market share affected
3 by those filings.

4 (b) The number of rate filings made under the other
5 provisions of section 627.0651, Florida Statutes, and the
6 market share affected by those filings.

7 (c) Such other information as may be useful to the
8 Legislature in determining whether this act has fulfilled its
9 intent of promoting competition and increasing both
10 availability and affordability of coverage in the lines of
11 insurance subject to this act.

12 (d) An evaluation of the state of competition in the
13 property/casualty lines of insurance not addressed by this act
14 and an analysis of the potential impact of expanding the
15 public policy expressed in this act to other lines of
16 insurance.

17 (e) Recommendations to promote competition in the
18 Florida insurance marketplace and to protect consumers.

19 (2) The Legislature shall provide adequate funding for
20 the analysis from moneys in the Insurance Regulatory Trust
21 Fund.

22 (3) The Department of Financial Services and the
23 Office of Insurance Regulation shall cooperate with the
24 actuarial firm conducting the analysis and shall provide such
25 information as the actuarial firm may request.

26 Section 4. This act shall take effect upon becoming a
27 law.

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SENATE SUMMARY

Provides that rate filings for certain lines of commercial insurance coverage are not subject to determination by the Office of Insurance Regulation or whether the rate is excessive or unfairly discriminatory. Exempting certain base rate filings for private passenger motor vehicle insurance from determinations of being excessive or unfairly discriminatory. Requires an analysis of the market and consumer impact of rate modernization.