

CHAMBER ACTION

1 The Committee on Insurance recommends the following:

2  
3 **Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to insurance; amending s. 20.121, F.S.;  
7 requiring the Division of Consumer Services of the  
8 Department of Financial Services to designate an employee  
9 as primary contract for consumers on issues involving  
10 sinkholes; amending s. 501.137, F.S.; requiring an  
11 insurer to reinstate, under certain circumstances, an  
12 insurance policy that is canceled due to failure of the  
13 lender to pay a premium for which sufficient escrow funds  
14 are on deposit; requiring that the lender reimburse the  
15 property owner for any penalties or fees paid for  
16 purposes of reinstating the policy; requiring the lender  
17 to pay the increased cost of insurance premiums for a  
18 specified period of time under certain conditions;  
19 amending s. 624.4622, F.S.; requiring certain local  
20 government self-insurance funds to be organized as a  
21 commercial self-insurance fund or a group self-insurance  
22 fund under certain circumstances; requiring certain local  
23 government self-insurance funds to file certain financial

HB 557

2004  
CS

24 | statements for a certain period of time; providing  
25 | statement requirements; amending s. 624.610, F.S.;  
26 | providing additional investment requirements and  
27 | authorizations for certain trust funds and trusteed  
28 | surplus for reinsurers; amending s. 625.081, F.S.;  
29 | excepting credit disability insurance from certain health  
30 | insurance reserve requirements; providing an exception;  
31 | amending s. 625.121, F.S.; providing additional minimum  
32 | standards for valuation of insurance policies and  
33 | contracts; providing reserve requirements for credit life  
34 | and disability policies; amending s. 626.321, F.S.;  
35 | revising licensure requirements for personal lines agents  
36 | transacting baggage and motor vehicle excess liability  
37 | insurance; creating s. 625.9743, F.S.; providing claim  
38 | settlement practices for motor vehicle insurance;  
39 | providing requirements, standards, procedures,  
40 | limitations, and proscriptions; providing alternative  
41 | loss adjustment or settlement methodologies; providing  
42 | requirements and criteria; creating s. 626.9744, F.S.;  
43 | providing claim settlement practices for property  
44 | insurance; providing requirements and standards to be  
45 | followed by insurers; providing limitations; amending s.  
46 | 627.351, F.S.; authorizing the motor vehicle insurance  
47 | risk apportionment plan to require additional proof from  
48 | insureds of having certain insurance prior to canceling  
49 | coverage; providing certain notice requirements for  
50 | bringing certain actions against the plan; providing for  
51 | future repeal; amending s. 627.4091, F.S.; providing

52 additional disclosure requirements with respect to a  
53 refusal to insure; amending s. 627.4133, F.S.; requiring  
54 a property insurer to reinstate a policy on property  
55 secured by a mortgage canceled due to a lender's failing  
56 to timely pay premium; restricting the use of certain  
57 claims as a cause for cancellation or nonrenewal;  
58 amending s. 627.476, F.S.; providing for the Financial  
59 Services Commission to adopt updated mortality tables by  
60 rule; creating s. 627.7077, F.S.; providing for a  
61 feasibility and cost-benefit study for a proposed Florida  
62 Sinkhole Insurance Facility; providing study requirements  
63 and criteria; requiring a report to the commission and  
64 the Legislature; providing for funding of the study;  
65 providing a severability clause; amending s. 627.848,  
66 F.S.; revising insurance contract cancellation  
67 requirements for premium finance companies; requiring the  
68 Legislative Auditing Committee to contract with the  
69 Florida State University College of Business' Department  
70 of Risk Management and Insurance to analyze factors  
71 affecting premium levels and availability of personal  
72 lines property and casualty insurance to consumers;  
73 specifying applicable factors for analysis; providing for  
74 funding of the study; requiring assistance from certain  
75 state agencies; amending s. 627.838, F.S.; deleting a  
76 filing fee; amending s. 627.849, F.S.; deleting a form  
77 filing fee; repealing s. 625.131, F.S., relating to  
78 special reserve bases for credit life and disability  
79 policies; providing construction to clarify application

HB 557

2004  
CS

80 | or effect of the act on civil actions and settlements or  
81 | adjustments of claims; providing an effective date.

82 |

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

84 |

85 | Section 1. Paragraph (h) of subsection (2) of section  
86 | 20.121, Florida Statutes, is amended to read:

87 | 20.121 Department of Financial Services.--There is created  
88 | a Department of Financial Services.

89 | (2) DIVISIONS.--The Department of Financial Services shall  
90 | consist of the following divisions:

91 | (h) The Division of Consumer Services, which shall include  
92 | a Bureau of Funeral and Cemetery Services.

93 | 1. The Division of Consumer Services shall perform the  
94 | following functions concerning products or services regulated by  
95 | the Department of Financial Services or by either office of the  
96 | Financial Services Commission:

97 | a. Receive inquiries and complaints from consumers~~.~~;

98 | b. Prepare and disseminate such information as the  
99 | department deems appropriate to inform or assist consumers~~.~~;

100 | c. Provide direct assistance and advocacy for consumers  
101 | who request such assistance or advocacy~~.~~;

102 | d. With respect to apparent or potential violations of law  
103 | or applicable rules by a person or entity licensed by the  
104 | department or by either office of the commission, report such  
105 | apparent or potential violation to the appropriate division of  
106 | the department or office of the commission, which may take such  
107 | further action as it deems appropriate.

108 |       e. Designate an employee of the division as primary  
 109 | contact for consumers on issues relating to sinkholes.

110 |       2. Any person licensed or issued a certificate of  
 111 | authority by the department or by the Office of Insurance  
 112 | Regulation shall respond, in writing, to the Division of  
 113 | Consumer Services within 20 days after receipt of a written  
 114 | request for information from the division concerning a consumer  
 115 | complaint. The response must address the issues and allegations  
 116 | raised in this complaint. The division may, in its discretion,  
 117 | impose an administrative penalty for failure to comply with this  
 118 | subparagraph in an amount up to \$2,500 per violation upon any  
 119 | entity licensed by the department or the Office of Insurance  
 120 | Regulation and \$250 for the first violation, \$500 for the second  
 121 | violation and up to \$1,000 per violation thereafter upon any  
 122 | individual licensed by the department or the Office of Insurance  
 123 | Regulation.

124 |       3. The department may adopt rules to implement the  
 125 | provisions of this paragraph.

126 |       4. The powers, duties, and responsibilities expressed or  
 127 | granted in this paragraph shall not limit the powers, duties,  
 128 | and responsibilities of the Department of Financial Services,  
 129 | the Financial Services Commission, the Office of Insurance  
 130 | Regulation, or the Office of Financial Regulation set forth  
 131 | elsewhere in the Florida Statutes.

132 |       Section 2. Section 501.137, Florida Statutes, is amended  
 133 | to read:

134 |       501.137 Mortgage lenders; tax and insurance payments from  
 135 | escrow accounts; duties.--

HB 557

2004  
CS

136       (1) Every lender of money, whether a natural person or an  
 137 artificial entity, whose loans are secured by a mortgage on real  
 138 estate located within the state and who receives funds  
 139 incidental thereto or in connection therewith for the payment of  
 140 property taxes or hazard insurance premiums when such funds are  
 141 held in escrow by or on behalf of the lender, shall promptly pay  
 142 such taxes or insurance premiums when such taxes or premiums  
 143 become due and adequate escrow funds are deposited, so that the  
 144 maximum tax discount available may be obtained with regard to  
 145 the taxable property and so that insurance coverage on the  
 146 property does not lapse.

147       (2) If an escrow account for such taxes or insurance  
 148 premiums is deficient, the lender shall notify the property  
 149 owner within 15 days after the lender receives the notification  
 150 of taxes due from the county tax collector or receives the  
 151 notification from the insurer that a premium is due.

152       (3)(a) If the lender, as a result of neglect, fails to pay  
 153 any tax or insurance premium when the tax or premium is due and  
 154 there are sufficient escrow funds on deposit to pay the tax or  
 155 premium, and if the property owner suffers a loss as a result of  
 156 such failure, ~~then~~ the lender is ~~will be~~ liable for such loss,  
 157 ~~except, however, that,~~ with respect to any loss which would  
 158 otherwise have been insured, the extent of such liability shall  
 159 not exceed the coverage limits of any insurance policy which has  
 160 lapsed.

161       (b) If the lender violates paragraph (a) and the premium  
 162 payment is not more than 90 days overdue, the insurer shall  
 163 reinstate the insurance policy, retroactive to the date of

HB 557

2004  
CS

164 cancellation, and the lender shall reimburse the property owner  
 165 for any penalty or fees imposed by the insurer and paid by the  
 166 property owner for purposes of reinstating the policy.

167 (c) If the lender violates paragraph (a) and the premium  
 168 payment is more than 90 days overdue or if the insurer refuses  
 169 to reinstate the insurance policy, the lender shall pay the  
 170 difference between the cost of the previous insurance policy and  
 171 a new, comparable insurance policy for a period of 2 years.

172 (4) At the expiration of the annual accounting period, the  
 173 lender shall issue to the property owner an annual statement of  
 174 the escrow account.

175 Section 3. Subsections (3) and (4) are added to section  
 176 624.4622, Florida Statutes, to read:

177 624.4622 Local government self-insurance funds.--

178 (3) Notwithstanding the provisions of subsection (2), a  
 179 local government self-insurance fund created under this section  
 180 after October 1, 2004, shall initially be organized as a  
 181 commercial self-insurance fund under s. 624.462 or a group self-  
 182 insurance fund under s. 624.4621 and, for the first 5 years of  
 183 its existence, shall be subject to all the requirements applied  
 184 to commercial self-insurance funds or to group self-insurance  
 185 funds, respectively.

186 (4)(a) A local government self-insurance fund formed after  
 187 January 1, 2005, shall, for its first 5 fiscal years, file with  
 188 the office full and true statements of its financial condition,  
 189 transactions, and affairs. An annual statement covering the  
 190 preceding fiscal year shall be filed within 60 days after the  
 191 end of the fund's fiscal year and quarterly statements shall be

192 filed within 45 days after each such date. The office may, for  
 193 good cause, grant an extension of time for filing an annual or  
 194 quarterly statement. The statements shall contain information  
 195 generally included in insurers' financial statements prepared in  
 196 accordance with generally accepted insurance accounting  
 197 principles and practices and in a form generally used by  
 198 insurers for financial statements, sworn to by at least two  
 199 executive officers of the self-insurance fund. The form for  
 200 financial statements shall be the form currently approved by the  
 201 National Association of Insurance Commissioners for use by  
 202 property and casualty insurers.

203 (b) Each annual statement shall contain a statement of  
 204 opinion on loss and loss adjustment expense reserves made by a  
 205 member of the American Academy of Actuaries. Workpapers in  
 206 support of the statement of opinion must be provided to the  
 207 office upon request.

208 Section 4. Paragraph (c) of subsection (3) of section  
 209 624.610, Florida Statutes, is amended to read:

210 624.610 Reinsurance.--

211 (3)

212 (c)1. Credit must be allowed when the reinsurance is ceded  
 213 to an assuming insurer that maintains a trust fund in a  
 214 qualified United States financial institution, as defined in  
 215 paragraph (5)(b), for the payment of the valid claims of its  
 216 United States ceding insurers and their assigns and successors  
 217 in interest. To enable the office to determine the sufficiency  
 218 of the trust fund, the assuming insurer shall report annually to  
 219 the office information substantially the same as that required



220 | to be reported on the NAIC Annual Statement form by authorized  
 221 | insurers. The assuming insurer shall submit to examination of  
 222 | its books and records by the office and bear the expense of  
 223 | examination.

224 |       2.a. Credit for reinsurance must not be granted under this  
 225 | subsection unless the form of the trust and any amendments to  
 226 | the trust have been approved by:

227 |           (I) The insurance regulator of the state in which the  
 228 | trust is domiciled; or

229 |           (II) The insurance regulator of another state who,  
 230 | pursuant to the terms of the trust instrument, has accepted  
 231 | principal regulatory oversight of the trust.

232 |       b. The form of the trust and any trust amendments must be  
 233 | filed with the insurance regulator of every state in which the  
 234 | ceding insurer beneficiaries of the trust are domiciled. The  
 235 | trust instrument must provide that contested claims are valid  
 236 | and enforceable upon the final order of any court of competent  
 237 | jurisdiction in the United States. The trust must vest legal  
 238 | title to its assets in its trustees for the benefit of the  
 239 | assuming insurer's United States ceding insurers and their  
 240 | assigns and successors in interest. The trust and the assuming  
 241 | insurer are subject to examination as determined by the  
 242 | insurance regulator.

243 |       c. The trust remains in effect for as long as the assuming  
 244 | insurer has outstanding obligations due under the reinsurance  
 245 | agreements subject to the trust. No later than February 28 of  
 246 | each year, the trustee of the trust shall report to the  
 247 | insurance regulator in writing the balance of the trust and list

HB 557

2004  
CS

248 the trust's investments at the preceding year end, and shall  
 249 certify that the trust will not expire prior to the following  
 250 December 31.

251 3. The following requirements apply to the following  
 252 categories of assuming insurer:

253 a. The trust fund for a single assuming insurer consists  
 254 of funds in trust in an amount not less than the assuming  
 255 insurer's liabilities attributable to reinsurance ceded by  
 256 United States ceding insurers, and, in addition, the assuming  
 257 insurer shall maintain a trusted surplus of not less than \$20  
 258 million. Not less than 50 percent of the funds in the trust  
 259 covering the assuming insurer's liabilities attributable to  
 260 reinsurance ceded by the United States ceding insurers and  
 261 trusted surplus shall consist of assets of a quality  
 262 substantially similar to that required in part II of chapter  
 263 625. Clean, irrevocable, unconditional, and evergreen letters of  
 264 credit, issued or confirmed by a qualified United States  
 265 financial institution, as defined in paragraph (5)(a), effective  
 266 no later than December 31 of the year for which the filing is  
 267 made, and in the possession of the trust on or before the filing  
 268 date of its annual statement, may be used to fund the remainder  
 269 of the trust and trusted surplus.

270 b.(I) In the case of a group including incorporated and  
 271 individual unincorporated underwriters:

272 (A) For reinsurance ceded under reinsurance agreements  
 273 with an inception, amendment, or renewal date on or after August  
 274 1, 1995, the trust consists of a trusted account in an amount  
 275 not less than the group's several liabilities attributable to

HB 557

2004  
CS

276 business ceded by United States domiciled ceding insurers to any  
277 member of the group;

278 (B) For reinsurance ceded under reinsurance agreements  
279 with an inception date on or before July 31, 1995, and not  
280 amended or renewed after that date, notwithstanding the other  
281 provisions of this section, the trust consists of a trustee  
282 account in an amount not less than the group's several insurance  
283 and reinsurance liabilities attributable to business written in  
284 the United States; and

285 (C) In addition to these trusts, the group shall maintain  
286 in trust a trustee surplus of which \$100 million must be held  
287 jointly for the benefit of the United States domiciled ceding  
288 insurers of any member of the group for all years of account.

289 (II) The incorporated members of the group must not be  
290 engaged in any business other than underwriting of a member of  
291 the group, and are subject to the same level of regulation and  
292 solvency control by the group's domiciliary regulator as the  
293 unincorporated members.

294 (III) Within 90 days after its financial statements are  
295 due to be filed with the group's domiciliary regulator, the  
296 group shall provide to the insurance regulator an annual  
297 certification by the group's domiciliary regulator of the  
298 solvency of each underwriter member or, if a certification is  
299 unavailable, financial statements, prepared by independent  
300 public accountants, of each underwriter member of the group.

301 Section 5. Section 625.081, Florida Statutes, is amended  
302 to read:

303           625.081 Reserve for health insurance.--For all health  
 304 insurance policies, the insurer shall maintain an active life  
 305 reserve which places a sound value on the insurer's liabilities  
 306 under such policies; is not less than the reserve according to  
 307 appropriate standards set forth in rules issued by the  
 308 commission; and, with the exception of credit disability  
 309 insurance, in no event, is less in the aggregate than the pro  
 310 rata gross unearned premiums for such policies.

311           Section 6. Paragraphs (a), (e), and (f) of subsection (5)  
 312 and subsection (13) of section 625.121, Florida Statutes, are  
 313 amended, and paragraphs (k) and (l) are added to subsection (5)  
 314 of said section, to read:

315           625.121 Standard Valuation Law; life insurance.--

316           (5) MINIMUM STANDARD FOR VALUATION OF POLICIES AND  
 317 CONTRACTS ISSUED ON OR AFTER OPERATIVE DATE OF STANDARD  
 318 NONFORFEITURE LAW.--Except as otherwise provided in paragraph  
 319 (h) and subsections (6), (11), and (14), the minimum standard  
 320 for the valuation of all such policies and contracts issued on  
 321 or after the operative date of s. 627.476 (Standard  
 322 Nonforfeiture Law for Life Insurance) shall be the  
 323 commissioners' reserve valuation method defined in subsections  
 324 (7), (11), and (14); 5 percent interest for group annuity and  
 325 pure endowment contracts and 3.5 percent interest for all other  
 326 such policies and contracts, or in the case of life insurance  
 327 policies and contracts, other than annuity and pure endowment  
 328 contracts, issued on or after July 1, 1973, 4 percent interest  
 329 for such policies issued prior to October 1, 1979, and 4.5

HB 557

2004  
CS

330 | percent interest for such policies issued on or after October 1,  
331 | 1979; and the following tables:

332 |       (a) For all ordinary policies of life insurance issued on  
333 | the standard basis, excluding any disability and accidental  
334 | death benefits in such policies:

335 |           1. For policies issued prior to the operative date of s.  
336 | 627.476(9), the commissioners' 1958 Standard Ordinary Mortality  
337 | Table; except that, for any category of such policies issued on  
338 | female risks, modified net premiums and present values, referred  
339 | to in subsection (7), may be calculated according to an age not  
340 | more than 6 years younger than the actual age of the insured. ~~+~~

341 | ~~and~~

342 |           2. For policies issued on or after the operative date of  
343 | s. 627.476(9), the commissioners' 1980 Standard Ordinary  
344 | Mortality Table or, at the election of the insurer for any one  
345 | or more specified plans of life insurance, the commissioners'  
346 | 1980 Standard Ordinary Mortality Table with Ten-Year Select  
347 | Mortality Factors.

348 |           3. For policies issued on or after July 1, 2004, ordinary  
349 | mortality tables adopted after 1980 by the National Association  
350 | of Insurance Commissioners, adopted by rule by the commission  
351 | for use in determining the minimum standard of valuation for  
352 | such policies.

353 |       (e) For total and permanent disability benefits in or  
354 | supplementary to ordinary policies or contracts:

355 |           1. For policies or contracts issued on or after January 1,  
356 | 1966, the tables of period 2 disablement rates and the 1930 to

HB 557

2004  
CS

357 | 1950 termination rates of the 1952 disability study of the  
358 | Society of Actuaries, with due regard to the type of benefit.+

359 |         2. For policies or contracts issued on or after January 1,  
360 | 1961, and prior to January 1, 1966, either those tables or, at  
361 | the option of the insurer, the class three disability table  
362 | (1926).~~+~~~~and~~

363 |         3. For policies issued prior to January 1, 1961, the class  
364 | three disability table (1926).

365 |         4. For policies or contracts issued on or after July 1,  
366 | 2004, tables of disablement rates and termination rates adopted  
367 | after 1980 by the National Association of Insurance  
368 | Commissioners, adopted by rule by the commission for use in  
369 | determining the minimum standard of valuation for those policies  
370 | or contracts.

371 |  
372 | Any such table for active lives shall be combined with a  
373 | mortality table permitted for calculating the reserves for life  
374 | insurance policies.

375 |         (f) For accidental death benefits in or supplementary to  
376 | policies:

377 |         1. For policies issued on or after January 1, 1966, the  
378 | 1959 Accidental Death Benefits Table.+

379 |         2. For policies issued on or after January 1, 1961, and  
380 | prior to January 1, 1966, either that table or, at the option of  
381 | the insurer, the Intercompany Double Indemnity Mortality Table.+  
382 | ~~and~~

383 |         3. For policies issued prior to January 1, 1961, the  
384 | Intercompany Double Indemnity Mortality Table.

HB 557

2004  
CS

385        4. For policies issued on or after July 1, 2004, tables of  
 386 accidental death benefits adopted after 1980 by the National  
 387 Association of Insurance Commissioners, adopted by rule by the  
 388 commission for use in determining the minimum standard of  
 389 valuation for those policies.

390  
 391 Either table shall be combined with a mortality table permitted  
 392 for calculating the reserves for life insurance policies.

393        (k) For individual annuity and pure endowment contracts  
 394 issued on or after July 1, 2004, excluding any disability and  
 395 accidental death benefits purchased under those contracts,  
 396 individual annuity mortality tables adopted after 1980 by the  
 397 National Association of Insurance Commissioners, adopted by rule  
 398 by the commission for use in determining the minimum standard of  
 399 valuation for those contracts.

400        (l) For all annuities and pure endowments purchased on or  
 401 after July 1, 2004, under group annuity and pure endowment  
 402 contracts, excluding any disability and accidental death  
 403 benefits purchased under those contracts, group annuity  
 404 mortality tables adopted after 1980 by the National Association  
 405 of Insurance Commissioners, adopted by rule by the commission  
 406 for use in determining the minimum standard of valuation for  
 407 those contracts.

408        (13) ~~APPLICABILITY TO CREDIT LIFE AND DISABILITY INSURANCE~~  
 409 ~~POLICIES.--~~

410        (a) For policies issued prior to January 1, 2004:

411        1. The minimum reserve for single-premium credit  
 412 disability insurance, monthly premium credit life insurance, and

HB 557

2004  
CS

413 monthly premium credit disability insurance shall be the  
414 unearned gross premium.

415 2. As to single-premium credit life insurance policies,  
416 the insurer shall establish and maintain reserves which are not  
417 less than the value, at the valuation date, of the risk for the  
418 unexpired portion of the period for which the premium has been  
419 paid as computed on the basis of the commissioners' 1980  
420 Standard Ordinary Mortality Table plus 3.5 percent interest. At  
421 the discretion of the office, the insurer may make a reasonable  
422 assumption as to the ages at which net premiums are to be  
423 determined. In lieu of such basis, reserves based upon unearned  
424 gross premiums may be used at the option of the insurer.

425 (b) For policies issued on or after January 1, 2004:

426 1. The minimum reserve for single-premium credit  
427 disability insurance shall be:

428 a. The unearned gross premium; or

429 b. Based upon a morbidity table that is adopted by the  
430 National Association of Insurance Commissioners and is specified  
431 in a rule the commission shall adopt pursuant to s. 625.121(14).

432 2. The minimum reserve for monthly premium credit  
433 disability insurance shall be the unearned gross premium.

434 3. The minimum reserve for monthly premium credit life  
435 insurance shall be the unearned gross premium.

436 4. As to single-premium credit life insurance policies,  
437 the insurer shall establish and maintain reserves which are not  
438 less than the value, at the valuation date, of the risk for the  
439 unexpired portion of the period for which the premium has been  
440 paid as computed on the basis of the commissioners' 1980



HB 557

2004  
CS

441 Standard Ordinary Mortality Table or any ordinary mortality  
 442 table adopted after 1980 by the National Association of  
 443 Insurance Commissioners, that is approved by rule adopted by the  
 444 commission for use in determining the minimum standard of  
 445 valuation for such policies and an interest rate determined in  
 446 accordance with s. 625.121(6). At the discretion of the office,  
 447 the insurer may make a reasonable assumption as to the ages at  
 448 which net premiums are to be determined. In lieu of such basis,  
 449 reserves based upon unearned gross premiums may be used at the  
 450 option of the insurer. This section does not apply as to those  
 451 credit life insurance policies for which reserves are computed  
 452 and maintained as required under s. 625.131.

453 Section 7. Paragraph (d) of subsection (1) of section  
 454 626.321, Florida Statutes, is amended to read:

455 626.321 Limited licenses.--

456 (1) The department shall issue to a qualified individual,  
 457 or a qualified individual or entity under paragraphs (c), (d),  
 458 (e), and (i), a license as agent authorized to transact a  
 459 limited class of business in any of the following categories:

460 (d) Baggage and motor vehicle excess liability  
 461 insurance.--

462 1. License covering only insurance of personal effects  
 463 except as provided in subparagraph 2. The license may be issued  
 464 only:

465 a. To a full-time salaried employee of a common carrier or  
 466 a full-time salaried employee or owner of a transportation  
 467 ticket agency, which person is engaged in the sale or handling  
 468 of transportation of baggage and personal effects of travelers,

HB 557

2004  
CS

469 and may authorize the sale of such insurance only in connection  
470 with such transportation; or

471 b. To the full-time salaried employee of a licensed  
472 general lines agent, ~~a full-time salaried employee of a business~~  
473 ~~which offers motor vehicles for rent or lease,~~ or to a business  
474 entity that office of a business which offers motor vehicles for  
475 rent or lease if insurance sales activities authorized by the  
476 license are in connection with and incidental to the rental of a  
477 motor vehicle limited to full-time salaried employees. An entity  
478 applying for a license under this paragraph:

479 (I) Is required to submit only one application for a  
480 license under s. 626.171. The requirements of s. 626.171(5)  
481 shall apply only to the officers and directors of the entity  
482 submitting the application.

483 (II) Is required to obtain a license for each office,  
484 branch office, or place of business making use of the entity's  
485 business name by applying to the department for the license on a  
486 simplified application form developed by rule of the department  
487 for this purpose.

488 (III) Is required to pay the applicable fees for a license  
489 as prescribed in s. 624.501, be appointed under s. 626.112, and  
490 pay the prescribed appointment fee under s. 624.501. A licensed  
491 and appointed entity shall be directly responsible and  
492 accountable for all acts of the licensee's employees.

493  
494 The purchaser of baggage insurance shall be provided written  
495 information disclosing that the insured's homeowner's policy may  
496 provide coverage for loss of personal effects and that the

HB 557

2004  
CS

497 purchase of such insurance is not required in connection with  
498 the purchase of tickets or in connection with the lease or  
499 rental of a motor vehicle.

500 2. A business entity that ~~office licensed pursuant to~~  
501 ~~subparagraph 1., or a person licensed pursuant to subparagraph~~  
502 ~~1. who is a full-time salaried employee of a business which~~  
503 offers motor vehicles for rent or lease, may include lessees  
504 under a master contract providing coverage to the lessor or may  
505 transact excess motor vehicle liability insurance providing  
506 coverage in excess of the standard liability limits provided by  
507 the lessor in its lease to a person renting or leasing a motor  
508 vehicle from the licensee's employer for liability arising in  
509 connection with the negligent operation of the leased or rented  
510 motor vehicle, provided that the lease or rental agreement is  
511 for not more than 30 days; that the lessee is not provided  
512 coverage for more than 30 consecutive days per lease period,  
513 and, if the lease is extended beyond 30 days, the coverage may  
514 be extended one time only for a period not to exceed an  
515 additional 30 days; that the lessee is given written notice that  
516 his or her personal insurance policy providing coverage on an  
517 owned motor vehicle may provide additional excess coverage; and  
518 that the purchase of the insurance is not required in connection  
519 with the lease or rental of a motor vehicle. The excess  
520 liability insurance may be provided to the lessee as an  
521 additional insured on a policy issued to the licensee's  
522 employer.

523 3. A business entity that ~~office licensed pursuant to~~  
524 ~~subparagraph 1., or a person licensed pursuant to subparagraph~~

HB 557

2004  
CS

525 ~~1. who is a full-time salaried employee of a business which~~  
 526 offers motor vehicles for rent or lease, may, as an agent of an  
 527 insurer, transact insurance that provides coverage for the  
 528 liability of the lessee to the lessor for damage to the leased  
 529 or rented motor vehicle if:

530 a. The lease or rental agreement is for not more than 30  
 531 days; or the lessee is not provided coverage for more than 30  
 532 consecutive days per lease period, but, if the lease is extended  
 533 beyond 30 days, the coverage may be extended one time only for a  
 534 period not to exceed an additional 30 days;

535 b. The lessee is given written notice that his or her  
 536 personal insurance policy that provides coverage on an owned  
 537 motor vehicle may provide such coverage with or without a  
 538 deductible; and

539 c. The purchase of the insurance is not required in  
 540 connection with the lease or rental of a motor vehicle.

541 Section 8. Section 626.9743, Florida Statutes, is created  
 542 to read:

543 626.9743 Claim settlement practices relating to motor  
 544 vehicle insurance.--

545 (1) This section shall apply to the adjustment and  
 546 settlement of personal and commercial motor vehicle insurance  
 547 claims.

548 (2) An insurer may not, when liability and damages owed  
 549 under the policy are reasonably clear, recommend that a third-  
 550 party claimant make a claim under his or her own policy solely  
 551 to avoid paying the claim under the policy issued by that  
 552 insurer.

HB 557

2004  
CS

553       (3) An insurer that elects to repair a motor vehicle and  
 554 requires a specific repair shop for vehicle repairs shall cause  
 555 the damaged vehicle to be restored to its physical condition as  
 556 to performance and appearance prior to the loss at no additional  
 557 cost to the insured or third-party claimant other than as stated  
 558 in the policy.

559       (4) An insurer may not require the use of replacement  
 560 parts in the repair of a motor vehicle which are not at least  
 561 equivalent in kind and quality to the damaged parts prior to the  
 562 loss in terms of fit, appearance, and performance.

563       (5) When the insurance policy provides for the adjustment  
 564 and settlement of first-party motor vehicle total losses on the  
 565 basis of actual cash value or replacement with another of like  
 566 kind and quality, the insurer shall use one of the following  
 567 methods:

568       (a) The insurer may elect a cash settlement based upon the  
 569 actual cost to purchase a comparable motor vehicle, including  
 570 sales tax, if applicable pursuant to the provisions of  
 571 subsection (9). Such cost may be derived from:

572       1. When comparable motor vehicles are available in the  
 573 local market area, the cost of two or more such comparable motor  
 574 vehicles available within the preceding 90 days;

575       2. The retail cost as determined from a generally  
 576 recognized source such as a guidebook or electronic database  
 577 that is generally available to the public; or

578       3. The retail cost using two or more quotations obtained  
 579 by the insurer from two or more licensed dealers in the local  
 580 market area; or

HB 557

2004  
CS

581       (b) The insurer may elect to offer a replacement motor  
582 vehicle that is a specified comparable motor vehicle available  
583 to the insured, including sales tax, if applicable pursuant to  
584 subsection (9), paid for by the insurer at no cost other than  
585 any deductible provided in the policy and betterment as provided  
586 in subsection (6). The offer must be documented with the  
587 insurer's claim file. For purposes of this subsection, a  
588 comparable motor vehicle is one that is made by the same  
589 manufacturer, of the same or newer model year, and of similar  
590 body type and has similar options and mileage as the insured  
591 vehicle. Additionally, a comparable motor vehicle must be in as  
592 good or better overall condition as was the insured vehicle and  
593 must be available for inspection within a reasonable distance of  
594 the insured's residence;

595       (c) When a motor vehicle total loss is adjusted or settled  
596 on a basis that varies from the methods described in paragraph  
597 (a) or paragraph (b), the determination of value must be  
598 supported by documentation, and any deductions from value must  
599 be itemized and specified in appropriate dollar amounts. The  
600 basis for such settlement shall be explained to the claimant in  
601 writing, if requested, and a copy of the explanation shall be  
602 retained with the insurer's claim file; or

603       (d) Any other method agreed to by the claimant.

604       (6) When the amount offered in settlement reflects a  
605 reduction by the insurer because of betterment or depreciation,  
606 information pertaining to the reduction shall be maintained with  
607 the insurer's claim file. Deductions shall be itemized and  
608 specific as to dollar amount and shall accurately reflect the

HB 557

2004  
CS

609 value assigned to the betterment or depreciation. The basis for  
 610 any deduction shall be explained to the claimant in writing, if  
 611 requested, and a copy of the explanation shall be maintained  
 612 with the insurer's claim file.

613 (7) Every insurer shall, if partial losses are settled on  
 614 the basis of a written estimate prepared by or for the insurer,  
 615 supply the insured a copy of the estimate upon which the  
 616 settlement is based.

617 (8) Every insurer shall provide notice to an insured  
 618 before termination of payment for previously authorized storage  
 619 charges, and the notice shall provide 72 hours for the insured  
 620 to remove the motor vehicle from storage before terminating  
 621 payment of the storage charges.

622 (9) If sales tax will necessarily be incurred by a  
 623 claimant upon replacement of a total loss or upon repair of a  
 624 partial loss, the insurer may defer payment of the sales tax  
 625 unless and until the obligation has actually been incurred.

626 (10) Nothing in this section shall be construed to  
 627 preclude enforcement of policy provisions relating to disputes  
 628 pertaining to settlement of claims.

629 Section 9. Section 626.9744, Florida Statutes, is created  
 630 to read:

631 626.9744 Claim settlement practices relating to property  
 632 insurance.--Unless otherwise provided by the policy, when a  
 633 homeowner's insurance policy provides for the adjustment and  
 634 settlement of first-party losses based on repair or replacement  
 635 cost, the following requirements apply:

HB 557

2004  
CS

636       (1) When a loss requires repair or replacement of an item  
 637 or part, any physical damage incurred in making such repair or  
 638 replacement which is covered and not otherwise limited or  
 639 excluded by the policy shall be included in the loss to the  
 640 extent of any applicable limits. The insured may not be required  
 641 to pay for betterment required by ordinance or code except for  
 642 the applicable deductible, unless specifically excluded or  
 643 limited by the policy.

644       (2) When a loss requires replacement of items and the  
 645 replaced items do not match in quality, color, or size, the  
 646 insurer shall make reasonable repairs or replacement of items in  
 647 adjoining areas in the interest of uniformity of appearance. In  
 648 determining the extent of the repairs or replacement of items in  
 649 adjoining areas, the insurer may consider the cost of repairing  
 650 or replacing the undamaged portions of the property, the degree  
 651 of uniformity that can be achieved without such cost, the  
 652 remaining useful life of the undamaged portion, and other  
 653 relevant factors.

654       (3) This section shall not be construed to make the  
 655 insurer a warrantor of the repairs made pursuant to this  
 656 section.

657       (4) Nothing in this section shall be construed to preclude  
 658 enforcement of policy provisions relating to disputes pertaining  
 659 to settlement of claims.

660       Section 10. Subsection (1) of section 627.351, Florida  
 661 Statutes, is amended to read:

662       627.351 Insurance risk apportionment plans.--



HB 557

2004  
CS

663 (1) MOTOR VEHICLE INSURANCE RISK  
664 APPORTIONMENT.--Agreements may be made among casualty and surety  
665 insurers with respect to the equitable apportionment among them  
666 of insurance which may be afforded applicants who are in good  
667 faith entitled to, but are unable to, procure such insurance  
668 through ordinary methods, and such insurers may agree among  
669 themselves on the use of reasonable rate modifications for such  
670 insurance. Such agreements and rate modifications shall be  
671 subject to the approval of the office. The office shall, after  
672 consultation with the insurers licensed to write automobile  
673 liability insurance in this state, adopt a reasonable plan or  
674 plans for the equitable apportionment among such insurers of  
675 applicants for such insurance who are in good faith entitled to,  
676 but are unable to, procure such insurance through ordinary  
677 methods, and, when such plan has been adopted, all such insurers  
678 shall subscribe thereto and shall participate therein. Such plan  
679 or plans shall include rules for classification of risks and  
680 rates therefor. The plan or plans shall make available  
681 noncancelable coverage as provided in s. 627.7275(2). Any  
682 insured placed with the plan shall be notified of the fact that  
683 insurance coverage is being afforded through the plan and not  
684 through the private market, and such notification shall be given  
685 in writing within 10 days of such placement. To assure that plan  
686 rates are made adequate to pay claims and expenses, insurers  
687 shall develop a means of obtaining loss and expense experience  
688 at least annually, and the plan shall file such experience, when  
689 available, with the office in sufficient detail to make a  
690 determination of rate adequacy. Prior to the filing of such

HB 557

2004  
CS

691 | experience with the office, the plan shall poll each member  
692 | insurer as to the need for an actuary who is a member of the  
693 | Casualty Actuarial Society and who is not affiliated with the  
694 | plan's statistical agent to certify the plan's rate adequacy. If  
695 | a majority of those insurers responding indicate a need for such  
696 | certification, the plan shall include the certification as part  
697 | of its experience filing. Such experience shall be filed with  
698 | the office not more than 9 months following the end of the  
699 | annual statistical period under review, together with a rate  
700 | filing based on said experience. The office shall initiate  
701 | proceedings to disapprove the rate and so notify the plan or  
702 | shall finalize its review within 60 days of receipt of the  
703 | filing. Notification to the plan by the office of its  
704 | preliminary findings, which include a point of entry to the plan  
705 | pursuant to chapter 120, shall toll the 60-day period during any  
706 | such proceedings and subsequent judicial review. The rate shall  
707 | be deemed approved if the office does not issue notice to the  
708 | plan of its preliminary findings within 60 days of the filing.  
709 | In addition to provisions for claims and expenses, the  
710 | ratemaking formula shall include a factor for projected claims  
711 | trending and 5 percent for contingencies. In no instance shall  
712 | the formula include a renewal discount for plan insureds.  
713 | However, the plan shall reunderwrite each insured on an annual  
714 | basis, based upon all applicable rating factors approved by the  
715 | office. Trend factors shall not be found to be inappropriate if  
716 | not in excess of trend factors normally used in the development  
717 | of residual market rates by the appropriate licensed rating  
718 | organization. Each application for coverage in the plan shall

HB 557

2004  
CS

719 include, in boldfaced 12-point type immediately preceding the  
720 applicant's signature, the following statement:

721  
722 "THIS INSURANCE IS BEING AFFORDED THROUGH THE FLORIDA JOINT  
723 UNDERWRITING ASSOCIATION AND NOT THROUGH THE PRIVATE MARKET.  
724 PLEASE BE ADVISED THAT COVERAGE WITH A PRIVATE INSURER MAY BE  
725 AVAILABLE FROM ANOTHER AGENT AT A LOWER COST. AGENT AND COMPANY  
726 LISTINGS ARE AVAILABLE IN THE LOCAL YELLOW PAGES."

727  
728 The plan shall annually report to the office the number and  
729 percentage of plan insureds who are not surcharged due to their  
730 driving record.

731 (a) The plan may require from the insured proof that he or  
732 she has obtained the mandatory types and amounts of insurance  
733 from another admitted carrier prior to the cancellation of a  
734 policy the insured obtained from the plan and prior to the  
735 return of any unearned premium the insured paid for such  
736 coverage from the plan. This paragraph shall not apply to any  
737 person that provides proof of sale or inoperability of the  
738 vehicle covered under the policy purchased from the plan or  
739 relocation outside this state.

740 (b) Notwithstanding the requirements of s. 624.155(3)(a),  
741 as a condition precedent to bringing an action against the plan  
742 under s. 624.155, the department and the plan must have been  
743 given 90 days' written notice of the violation. If the  
744 department returns a notice for lack of specificity, the 90-day  
745 time period shall not begin until a proper notice is filed. This  
746 notice must comply with the information requirements of s.

HB 557

2004  
CS

747 624.155(3)(b). Effective October 1, 2007, this paragraph is  
 748 repealed unless reenacted by the Legislature prior to such date.

749 Section 11. Subsection (5) is added to section 627.4091,  
 750 Florida Statutes, to read:

751 627.4091 Specific reasons for denial, cancellation, or  
 752 nonrenewal.--

753 (5) When an insurer refuses to provide coverage to an  
 754 applicant due to adverse underwriting information, the insurer  
 755 shall:

756 (a) Provide to the applicant specific information  
 757 regarding the reasons for the refusal to insure.

758 (b) If the reason for the refusal to insure is based on a  
 759 loss underwriting history or report from a consumer reporting  
 760 agency, to the extent applicable, identify the loss underwriting  
 761 history and notify the applicant of his or her right under the  
 762 federal Fair and Accurate Credit Transactions Act to obtain a  
 763 copy of the report from the consumer reporting agency.

764 Section 12. Subsections (4) and (5) are added to section  
 765 627.4133, Florida Statutes, to read:

766 627.4133 Notice of cancellation, nonrenewal, or renewal  
 767 premium.--

768 (4) An insurer that cancels a property insurance policy on  
 769 property secured by a mortgage due to the failure of the lender  
 770 to timely pay the premium when due shall reinstate the policy as  
 771 required by s. 501.137.

772 (5) A single claim on a personal lines residential  
 773 property insurance policy which is the result of water damage  
 774 may not be used as the sole cause for cancellation or nonrenewal

HB 557

2004  
CS

775 unless the insurer can demonstrate that the insured has failed  
 776 to take action as requested by the insurer to prevent a future  
 777 similar occurrence of damage to the insured property.

778 Section 13. Paragraph (h) of subsection (9) of section  
 779 627.476, Florida Statutes, is amended to read:

780 627.476 Standard Nonforfeiture Law for Life Insurance.--

781 (9) CALCULATION OF ADJUSTED PREMIUMS AND PRESENT VALUES  
 782 FOR POLICIES ISSUED AFTER OPERATIVE DATE OF THIS SUBSECTION.--

783 (h) All adjusted premiums and present values referred to  
 784 in this section shall for all policies of ordinary insurance be  
 785 calculated on the basis of the Commissioners' 1980 Standard  
 786 Ordinary Mortality Table or, at the election of the insurer for  
 787 any one or more specified plans of life insurance, the  
 788 Commissioners' 1980 Standard Ordinary Mortality Table with Ten-  
 789 Year Select Mortality Factors; shall for all policies of  
 790 industrial insurance be calculated on the basis of the  
 791 Commissioners' 1961 Standard Industrial Mortality Table; and  
 792 shall for all policies issued in a particular calendar year be  
 793 calculated on the basis of a rate of interest not exceeding the  
 794 nonforfeiture interest rate as defined in this subsection for  
 795 policies issued in that calendar year. However:

796 1. At the option of the insurer, calculations for all  
 797 policies issued in a particular calendar year may be made on the  
 798 basis of a rate of interest not exceeding the nonforfeiture  
 799 interest rate, as defined in this subsection, for policies  
 800 issued in the immediately preceding calendar year.

801 2. Under any paid-up nonforfeiture benefit, including any  
 802 paid-up dividend additions, any cash surrender value available,

HB 557

2004  
CS

803 whether or not required by subsection (2), shall be calculated  
 804 on the basis of the mortality table and rate of interest used in  
 805 determining the amount of such paid-up nonforfeiture benefit and  
 806 paid-up dividend additions, if any.

807 3. An insurer may calculate the amount of any guaranteed  
 808 paid-up nonforfeiture benefit, including any paid-up additions  
 809 under the policy, on the basis of an interest rate no lower than  
 810 that specified in the policy for calculating cash surrender  
 811 values.

812 4. In calculating the present value of any paid-up term  
 813 insurance with accompanying pure endowment, if any, offered as a  
 814 nonforfeiture benefit, the rates of mortality assumed may be not  
 815 more than those shown in the Commissioners' 1980 Extended Term  
 816 Insurance Table for policies of ordinary insurance and not more  
 817 than the Commissioners' 1961 Industrial Extended Term Insurance  
 818 Table for policies of industrial insurance.

819 5. In lieu of the mortality tables specified in this  
 820 section, at the option of the insurance company and subject to  
 821 rules adopted by the commission, the insurance company may  
 822 substitute:

823 a. The 1958 CSO or CET Smoker and Nonsmoker Mortality  
 824 Tables, whichever is applicable, for policies issued on or after  
 825 the operative date of this subsection and before January 1,  
 826 1989;

827 b. The 1980 CSO or CET Smoker and Nonsmoker Mortality  
 828 Tables, whichever is applicable, for policies issued on or after  
 829 the operative date of this subsection;

HB 557

2004  
CS

830 c. A mortality table that is a blend of the sex-distinct  
 831 1980 CSO or CET mortality table standard, whichever is  
 832 applicable, or a mortality table that is a blend of the sex-  
 833 distinct 1980 CSO or CET smoker and nonsmoker mortality table  
 834 standards, whichever is applicable, for policies that are  
 835 subject to the United States Supreme Court decision in *Arizona*  
 836 *Governing Committee v. Norris* to prevent unfair discrimination  
 837 in employment situations.

838 6. Ordinary mortality tables adopted after 1980 by the  
 839 National Association of Insurance Commissioners, adopted by rule  
 840 by the commission for use in determining the minimum  
 841 nonforfeiture standard, may be substituted for the  
 842 commissioners' 1980 Standard Ordinary Mortality Table with or  
 843 without Ten-Year Select Mortality Factors or for the  
 844 commissioners' 1980 Extended Term Insurance Table.

845 ~~7.6.~~ For insurance issued on a substandard basis, the  
 846 calculation of any such adjusted premiums and present values may  
 847 be based on appropriate modifications of the aforementioned  
 848 tables.

849 Section 14. Section 627.7077, Florida Statutes, is created  
 850 to read:

851 627.7077 Florida Sinkhole Insurance Facility; matters  
 852 related to affordability and availability of sinkhole insurance;  
 853 feasibility study.--

854 (1) The Florida State University College of Business'  
 855 Department of Risk Management and Insurance shall, under the  
 856 direction of the office, conduct a feasibility and cost-benefit  
 857 study of a potential Florida Sinkhole Insurance Facility and of

HB 557

2004  
CS

858 other matters related to affordability and availability of  
859 sinkhole insurance. The study shall be conducted in consultation  
860 with the State Board of Administration and the Florida  
861 Geological Survey. The university shall provide a preliminary  
862 report of its analysis, findings, and recommendations to the  
863 Financial Services Commission, the President of the Senate, and  
864 the Speaker of the House of Representatives no later than  
865 February 1, 2005, and shall provide a final report no later than  
866 April 1, 2005.

867 (2) The potential functions of the facility to be analyzed  
868 include:

869 (a) Serving as the direct insurer or the reinsurer for  
870 some or all sinkhole losses.

871 (b) Providing training, communication, and other  
872 educational services to the public, engineers, the construction  
873 industry, insurance professionals, or others.

874 (c) Providing uniform standards for use by insurers in  
875 evaluating sinkhole loss claims.

876 (d) Providing consulting services for insurers.

877 (e) Maintaining a public database of all confirmed  
878 sinkholes and paid sinkhole loss claims, for use by consumers  
879 and the insurance, building construction, banking, and real  
880 estate industries.

881 (3) The feasibility study shall, at a minimum, address the  
882 following issues:

883 (a) Where the facility should be housed, including, but  
884 not limited to, the options of creating a separate facility or



HB 557

2004  
CS

885 using the Citizens Property Insurance Corporation or the Florida  
886 Hurricane Catastrophe Fund.

887 (b) Federal income taxation implications.

888 (c) Funding options and costs associated with operating  
889 the facility, including means of funding sinkhole insurance  
890 through premiums that are adequate to fund covered losses.

891 (d) Applicability of the experience of similar facilities  
892 of other states.

893 (e) Other economic impact considerations pertinent to a  
894 facility.

895 (f) Alternative dispute resolution mechanisms.

896 (g) The impact of all present requirements in the Florida  
897 Insurance Code on affordability and availability of sinkhole  
898 insurance and recommendations to address such impacts.

899 (4) The study shall be funded from a budget of no more  
900 than \$300,000, which shall be funded by assessments on insurers  
901 issuing property insurance in this state. Such assessments shall  
902 be collected by the office and shall be prorated among such  
903 insurers according to a formula whereby each insurer shall pay a  
904 fraction of such budget, the numerator of which shall be such  
905 insurer's direct earned premiums for property insurance in this  
906 state and the denominator of which shall be the total direct  
907 earned premiums for property insurance in this state for  
908 calendar year 2003.

909 Section 15. Paragraph (e) of subsection (1) of section  
910 627.848, Florida Statutes, is amended to read:

911 627.848 Cancellation of insurance contract upon default.--

HB 557

2004  
CS

912 (1) When a premium finance agreement contains a power of  
 913 attorney or other authority enabling the premium finance company  
 914 to cancel any insurance contract listed in the agreement, the  
 915 insurance contract shall not be canceled unless cancellation is  
 916 in accordance with the following provisions:

917 (e) Whenever a financed ~~an~~ insurance contract is canceled  
 918 ~~in accordance with this section~~, the insurer shall, within 30  
 919 days after the requested cancellation date, ~~promptly~~ return the  
 920 unpaid balance due under the finance contract, up to the gross  
 921 amount available upon the cancellation of the policy, to the  
 922 premium finance company and any remaining unearned premium to  
 923 the agent or the insured, or both, for the benefit of the  
 924 insured or insureds. The insurer shall notify the insured and  
 925 the agent of the amount of unearned premium returned to the  
 926 premium finance company and the amount of unearned commission  
 927 held by the agent. The premium finance company shall, within 30  
 928 days after the account is overpaid, refund to the insured for  
 929 the insured's benefit any refund due on the insured's account  
 930 or, if the refund is sent or credited to the agent, shall,  
 931 within 15 days after the overpayment, notify the insured of the  
 932 refunded amount. The premium finance company within 15 days  
 933 shall notify the insured and the agent of the amount of unearned  
 934 premium. Within 15 days of receipt of notification from the  
 935 premium finance company, the agent shall return such amount  
 936 including any unearned commission to the insured or with the  
 937 written approval of the insured apply such amount to the  
 938 purchase of other insurance products regulated by the office.

HB 557

2004  
CS

939 The commission may adopt rules necessary to implement the  
940 provisions of this subsection.

941 Section 16. Analysis of factors affecting premium levels  
942 and availability of personal lines property and casualty  
943 insurance to consumers in this state.--

944 (1) The Legislative Auditing Committee shall enter into a  
945 contract with The Florida State University College of Business'  
946 Department of Risk Management and Insurance to provide, no later  
947 than February 1, 2005, a detailed analysis of factors affecting  
948 costs to and potential assessments on consumers, and  
949 availability, of personal lines property and casualty insurance  
950 in this state generally and in those areas in which coverage is  
951 underwritten by the Citizens Property and Casualty Insurance  
952 Company. The analysis shall include an evaluation of such  
953 factors and recommendations appropriate to moderate or enhance  
954 their impact on premiums potential assessments and the  
955 availability of such insurance. Such factors, shall include, but  
956 not be limited to:

957 (a) The factors affecting the level of competition and  
958 premium levels specifically, including the impact of rate  
959 regulation and possible rating law reforms and reforms that have  
960 succeeded or failed in other states.

961 (b) The cost and benefits of required coverages and of  
962 restrictions on optional coverages that could otherwise be made  
963 available to consumers.

964 (c) Such other information as may be useful to the  
965 Legislature in determining how to increase availability of

HB 557

2004  
CS

966 coverage and, over the short term and long term, moderate costs  
 967 and potential consumer assessments.

968 (2) The study shall be funded from a budget of no more  
 969 than \$250,000, which shall be funded by assessments on insurers  
 970 issuing personal lines property and casualty insurance in this  
 971 state. Such assessments shall be collected by the Office of  
 972 Insurance Regulation and shall be prorated among such insurers  
 973 according to a formula whereby each insurer shall pay a fraction  
 974 of such budget, the numerator of which shall be such insurer's  
 975 direct earned premiums for personal lines property and casualty  
 976 insurance in the state and the denominator of which shall be the  
 977 total direct earned premiums for personal lines property and  
 978 casualty insurance in the state for calendar year 2003.

979 (3) The Department of Financial Services, the Office of  
 980 Insurance Regulation, and insurers shall cooperate with the  
 981 Florida State University College of Business' Department of Risk  
 982 Management and Insurance in its conducting of the analysis and  
 983 shall provide such information as The Florida State University  
 984 College of Business' Department of Risk Management and Insurance  
 985 may request, in the format requested by the university.

986 Section 17. Subsection (3) of section 627.838, Florida  
 987 Statutes, is amended to read:

988 627.838 Filing and approval of forms; service charges.--

989 ~~(3) Each filing shall be accompanied by the filing fee~~  
 990 ~~specified in s. 627.849.~~

991 Section 18. Paragraph (d) of subsection (1) of section  
 992 627.849, Florida Statutes, is amended to read:

993 627.849 Fees.--

HB 557

2004  
CS

994 (1) The office shall collect in advance, and the persons  
995 so served shall pay to it in advance, the following fees:

996 ~~(d) Form filing fee.....10~~

997 Section 19. Section 625.131, Florida Statutes, is  
998 repealed.

999 Section 20. Nothing in this act shall be construed to  
1000 create or be the basis of a civil action. Nothing in this act  
1001 shall be construed as limiting settlement or adjustment of  
1002 claims by methods that are otherwise permissible under the laws  
1003 of this state.

1004 Section 21. This act shall take effect July 1, 2004.