

Bill No. CS for CS for SB 1488

Barcode 435724

CHAMBER ACTION

Senate

House

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Senator Haridopolos moved the following amendment:

Senate Amendment (with title amendment)

On page 5, line 24, through
page 7, line 6, delete those lines

and insert:

(e) "Retention" means the amount of losses below which an insurer is not entitled to reimbursement from the fund. The term comprises two components, one consisting of an annual aggregate retention that must be satisfied only once during any single calendar year in order for an insurer to be eligible for reimbursement and a second component consisting of a per-hurricane retention that must be satisfied with respect to any hurricane in order for an insurer to be eligible for reimbursement as to that hurricane.

1. An insurer's annual aggregate retention shall be calculated as follows:

~~a.1.~~ The board shall calculate and report to each insurer the retention multiples for that year. For the contract year beginning June 1, 2005 ~~2004~~, the annual

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1 aggregate retention multiple shall be equal to ~~\$3.5~~^{\$4.5}
2 billion divided by the total estimated reimbursement premium
3 for the contract year; for subsequent years, the annual
4 aggregate retention multiple shall be equal to ~~\$3.5~~^{\$4.5}
5 billion, adjusted based upon the reported exposure from the
6 prior contract year to reflect the percentage growth in
7 exposure to the fund for covered policies since 2004 ~~2003~~,
8 divided by the total estimated reimbursement premium for the
9 contract year. Total reimbursement premium for purposes of the
10 calculation under this subparagraph shall be estimated using
11 the assumption that all insurers have selected the 90-percent
12 coverage level.

13 ~~b.2.~~ The annual aggregate retention multiple as
14 determined under sub-subparagraph a. ~~subparagraph 1.~~ shall be
15 adjusted to reflect the coverage level elected by the insurer.
16 For insurers electing the 90-percent coverage level, the
17 adjusted annual aggregate retention multiple is 100 percent of
18 the amount determined under sub-subparagraph a. ~~subparagraph~~
19 ~~1.~~ For insurers electing the 75-percent coverage level, the
20 annual aggregate retention multiple is 120 percent of the
21 amount determined under sub-subparagraph a. ~~subparagraph 1.~~
22 For insurers electing the 45-percent coverage level, the
23 annual aggregate adjusted retention multiple is 200 percent of
24 the amount determined under sub-subparagraph a. ~~subparagraph~~
25 ~~1.~~

26 ~~c.3.~~ An insurer shall determine its provisional annual
27 aggregate retention by multiplying its provisional
28 reimbursement premium by the applicable adjusted annual
29 aggregate retention multiple and shall determine its actual
30 retention by multiplying its actual reimbursement premium by
31 the applicable adjusted annual aggregate retention multiple.

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1 d. The insurer shall be deemed to have satisfied its
 2 annual aggregate retention once the insurer has reported
 3 covered losses to the fund equal to the annual aggregate
 4 retention, beginning with covered losses from the first
 5 hurricane of the calendar year.

6 2. An insurer's per-hurricane retention shall be
 7 calculated as follows:

8 a. The board shall calculate and report to each
 9 insurer the per-hurricane retention multiples for that year.
 10 The per-hurricane retention multiple shall be equal to \$1.5
 11 billion divided by the total estimated reimbursement premium
 12 for the contract year. Total reimbursement premium for
 13 purposes of the calculation under this subparagraph shall be
 14 estimated using the assumption that all insurers have selected
 15 the 90-percent coverage level.

16 b. The per-hurricane retention multiple as determined
 17 under sub-subparagraph a. shall be adjusted to reflect the
 18 coverage level elected by the insurer. For insurers electing
 19 the 90-percent coverage level, the adjusted per-hurricane
 20 retention multiple equals 100 percent of the amount determined
 21 under sub-subparagraph a. For insurers electing the 75-percent
 22 coverage level, the adjusted per-hurricane retention multiple
 23 equals 120 percent of the amount determined under
 24 sub-subparagraph a. For insurers electing the 45-percent
 25 coverage level, the adjusted per-hurricane retention multiple
 26 equals 200 percent of the amount determined under
 27 sub-subparagraph a.

28 c. An insurer shall determine its provisional
 29 per-hurricane retention by multiplying its provisional
 30 reimbursement premium by the applicable adjusted per-hurricane
 31 retention multiple and shall determine its actual retention by

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1 multiplying its actual reimbursement premium by the applicable
2 adjusted per-hurricane retention multiple.

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

6 And the title is amended as follows:

7 On page 1, lines 3 through 6, delete those lines

8

9 and insert:

10 s. 215.555, F.S.; redefining the term
11 "retention" for purposes of the Florida
12 Hurricane Catastrophe Fund; providing criteria
13 and requirements for determining the annual
14 aggregate retention component and the
15 per-hurricane retention component of retention;
16 providing requirements for calculating,
17 satisfying, and reporting such components;
18 amending s. 215.559, F.S.;

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