

1 A bill to be entitled
 2 An act relating to automobile insurance joint underwriting
 3 plan administration; creating s. 627.3115, F.S.; providing
 4 requirements for administration of an automobile insurance
 5 joint underwriting plan; requiring the plan to establish
 6 an investigation and litigation unit for certain purposes;
 7 providing for funding of the unit; requiring appointment
 8 of new servicing carriers for the plan under certain
 9 circumstances; requiring the plan to obtain actuarial
 10 certification under certain circumstances; requiring the
 11 plan to submit a rate filing to the Office of Insurance
 12 Regulation under certain circumstances; specifying
 13 criteria for members of the plan's board of governors;
 14 authorizing insurance companies to recoup assessments in
 15 rate filings under certain circumstances; providing an
 16 effective date.

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

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 20 Section 1. Section 627.3115, Florida Statutes, is created
 21 to read:

22 627.3115 Administration of joint underwriting plan.--
 23 (1) The joint underwriting plan established by s. 627.311
 24 shall be administered in a manner to produce a combined loss
 25 ratio that does not exceed 100 percent to avoid assessments to
 26 the extent reasonably achievable, which shall be a priority that
 27 supersedes any provision set forth in s. 627.311.

28 (2) The joint underwriting plan shall establish a special
29 investigation and litigation unit that may be an adjunct to the
30 servicing carrier's claims administration or which may be
31 separate and distinct from such administration and funded to the
32 extent considered necessary and appropriate to prevent the
33 payment of fraudulent claims as determined solely by the plan's
34 board of governors subject only to the approval of the Office of
35 Insurance Regulation.

36 (3) After any fiscal year that the joint underwriting plan
37 exceeds a combined loss ratio of 100 percent, the board of
38 governors shall appoint one or more new servicing carriers that
39 shall be selected on a first priority basis from the insurance
40 company applicants that have the lowest combined loss ratios
41 arising from their voluntary business.

42 (4) If the joint underwriting plan exceeds a combined loss
43 ratio in any two successive years, a majority of the board of
44 governors shall be replaced by the Office of Insurance
45 Regulation with appointees that are among the insurers
46 maintaining the lowest combined loss ratios in their voluntary
47 business who are willing to serve as members of the board of
48 governors.

49 (5) The combined loss ratio provisions set forth in
50 subsections (3) and (4) shall apply if any actuarially certified
51 adverse loss development establishes a combined loss ratio that
52 exceeds 100 percent.

53 (6) The joint underwriting plan shall obtain an actuarial
54 certification of its loss reserves no less than every 6 months

55 and shall issue policies that are effective for a period of only
 56 6 months.

57 (7) If the joint underwriting plan's actuarial
 58 certification of its loss reserves establishes that the plan is
 59 operating at a deficit or has inadequate rates, a rate filing
 60 shall be submitted to the Office of Insurance Regulation for
 61 approval.

62 (8) The joint underwriting plan's board of governors shall
 63 be comprised of representatives that shall include, but not be
 64 limited to, the Office of Insurance Regulation, the Florida
 65 Property and Casualty Association, the Florida Insurance
 66 Council, the Florida Association of Insurance Agents, the
 67 Specialty Agents' Association, the Latin American Association of
 68 Insurance Agents, and three at-large appointees of the Chief
 69 Financial Officer.

70 (9) If an assessment results from an operating deficit of
 71 the joint underwriting plan, insurance companies may recoup such
 72 assessments by incorporating such assessments as a factor in
 73 company rate filings.

74 Section 2. This act shall take effect July 1, 2005.