

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

.
.
.

1 Representative(s) Ross offered the following:

2
3 **Amendment (with title amendments)**

4 Remove line(s) 50-95 and insert:

5 Section 1. Paragraph (e) of subsection (2) of section
6 215.555, Florida Statutes, is amended to read:

7 215.555 Florida Hurricane Catastrophe Fund.--

8 (2) DEFINITIONS.--As used in this section:

9 (e) "Retention" means the amount of losses below which an
10 insurer is not entitled to reimbursement from the fund. The term
11 is comprised a one component consisting of an annual aggregate
12 retention that must be satisfied only once during any single
13 calendar year in order for an insurer to be eligible for
14 reimbursement and, in addition to the annual aggregate
15 retention, a second component consisting of a per-hurricane

316541

Amendment No. (for drafter's use only)

16 retention that must be satisfied with respect to any hurricane
17 in order for an insurer to be eligible for reimbursement as to
18 that hurricane.

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

21 a.1. The board shall calculate and report to each insurer
22 the annual aggregate retention multiples for that year. For the
23 contract year beginning June 1, 2005 ~~2004~~, the annual aggregate
24 retention multiple shall be equal to \$3.5 ~~\$4.5~~ billion divided
25 by the total estimated reimbursement premium for the contract
26 year; for subsequent years, the annual aggregate retention
27 multiple shall be equal to \$3.5 ~~\$4.5~~ billion, adjusted based
28 upon the reported exposure from the prior contract year to
29 reflect the percentage growth in exposure to the fund for
30 covered policies since 2004 ~~2003~~, divided by the total estimated
31 reimbursement premium for the contract year. Total reimbursement
32 premium for purposes of the calculation under this subparagraph
33 shall be estimated using the assumption that all insurers have
34 selected the 90-percent coverage level.

35 b.2. The annual aggregate retention multiple as determined
36 under sub-subparagraph a. ~~subparagraph 1.~~ shall be adjusted to
37 reflect the coverage level elected by the insurer. For insurers
38 electing the 90-percent coverage level, the adjusted annual
39 aggregate retention multiple is 100 percent of the amount
40 determined under sub-subparagraph a. ~~subparagraph 1.~~ For
41 insurers electing the 75-percent coverage level, the adjusted
42 annual aggregate retention multiple is 120 percent of the amount

316541

4/27/2005 11:32:03 AM

Amendment No. (for drafter's use only)

43 determined under subparagraph 1. For insurers electing the 45-
44 percent coverage level, the adjusted annual aggregate retention
45 multiple is 200 percent of the amount determined under sub-
46 subparagraph a. subparagraph 1.

47 c.3. An insurer shall determine its provisional annual
48 aggregate retention by multiplying its provisional reimbursement
49 premium by the applicable adjusted annual aggregate retention
50 multiple and shall determine its actual annual aggregate
51 retention by multiplying its actual reimbursement premium by the
52 applicable adjusted annual aggregate retention multiple.

53 d. The insurer shall be deemed to have satisfied its
54 annual aggregate retention once the insurer has reported covered
55 losses to the fund equal to the annual aggregate retention,
56 beginning with covered losses from the first hurricane of the
57 calendar year.

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

60 a. The board shall calculate and report to each insurer
61 the per-hurricane retention multiples for that year. The per-
62 hurricane retention multiple shall be equal to \$1.5 billion
63 divided by the total estimated reimbursement premium for the
64 contract year. Total reimbursement premium for purposes of the
65 calculation under this subparagraph shall be estimated using the
66 assumption that all insurers have selected the 90-percent
67 coverage level.

68 b. The per-hurricane retention multiple as determined
69 under sub-subparagraph a. shall be adjusted to reflect the

316541

4/27/2005 11:32:03 AM

Amendment No. (for drafter's use only)

70 coverage level elected by the insurer. For insurers electing the
71 90-percent coverage level, the adjusted per-hurricane retention
72 multiple equals 100 percent of the amount determined under sub-
73 subparagraph a. For insurers electing the 75-percent coverage
74 level, the adjusted per-hurricane retention multiple equals 120
75 percent of the amount determined under sub-subparagraph a. For
76 insurers electing the 45-percent coverage level, the adjusted
77 per-hurricane retention multiple equals 200 percent of the
78 amount determined under sub-subparagraph a.

79 c. An insurer shall determine its provisional per-
80 hurricane retention by multiplying its provisional reimbursement
81 premium by the applicable adjusted per-hurricane retention
82 multiple and shall determine its actual retention by multiplying
83 its actual reimbursement premium by the applicable adjusted per-
84 hurricane retention multiple.

85
86 ===== T I T L E A M E N D M E N T =====

87 Remove lines 2-5 and insert:
88 An act relating to property insurance; amending s. 215.555,
89 F.S.; revising the definition of the term "retention" for
90 purposes of the Florida Hurricane Catastrophe Fund; providing
91 criteria and requirements for determining the annual aggregate
92 retention component and the per-hurricane retention components
93 of retention; providing requirements for calculating,
94 satisfying, and reporting such components;

95
316541