



1 627.351, shall be deemed to be a rating organization. No  
2 single insurer shall be deemed to be a rating organization.

3 (6) "Subscriber" means an insurer which is furnished  
4 at its request:

5 (a) With prospective loss costs, rates, and rating  
6 manuals by a rating organization of which it is not a member;  
7 or

8 (b) With advisory services by an advisory organization  
9 of which it is not a member.

10 Section 2. Section 627.091, Florida Statutes, is  
11 amended to read:

12 627.091 Rate filings; workers' compensation and  
13 employer's liability insurances.--

14 (1) As used in this section, the term:

15 (a) "Expenses" means the portion of a rate which is  
16 attributable to acquisition, field supervision, collection  
17 expenses, and general expenses.

18 (b) "Multiplier" means the profit and expenses, other  
19 than loss adjustment expenses associated with writing workers'  
20 compensation and employer's liability insurance, expressed as  
21 a single nonintegral number to be applied to the prospective  
22 loss costs approved by the office in making rates for each  
23 classification of risks utilized by that insurer.

24 (c) "Prospective loss costs" means the portion of a  
25 rate which reflects historical aggregate losses and loss  
26 adjustment expenses projected through development to their  
27 ultimate value and through trending to a future point in time.  
28 The term does not include provisions for profit or expenses,  
29 other than loss adjustment expenses.

30 (2)~~(1)~~ As to workers' compensation and employer's  
31 liability insurances, every insurer shall file with the office

1 every manual of classifications, rules, and rates, every  
2 rating plan, and every modification of any of the foregoing  
3 which it proposes to use. Every insurer is authorized to  
4 include deductible provisions in its manual of  
5 classifications, rules, and rates. Such deductibles shall in  
6 all cases be in a form and manner which is consistent with the  
7 underlying purpose of chapter 440.

8 (3)~~(2)~~ Every such filing shall state the proposed  
9 effective date thereof, and shall indicate the character and  
10 extent of the coverage contemplated. When a filing is not  
11 accompanied by the information upon which the insurer supports  
12 the filing and the office does not have sufficient information  
13 to determine whether the filing meets the applicable  
14 requirements of this part, it shall within 15 days after the  
15 date of filing require the insurer to furnish the information  
16 upon which it supports the filing. The information furnished  
17 in support of a filing may include:

18 (a) The experience or judgment of the insurer or  
19 rating organization making the filing;

20 (b) Its interpretation of any statistical data it  
21 relies upon;

22 (c) The experience of other insurers or rating  
23 organizations; or

24 (d) Any other factors which the insurer or rating  
25 organization deems relevant.

26 (4)~~(3)~~ A filing and any supporting information shall  
27 be open to public inspection as provided in s. 119.07(1).

28 ~~(4) An insurer may satisfy its obligation to make such~~  
29 ~~filings by becoming a member of, or a subscriber to, a~~  
30 ~~licensed rating organization which makes such filings and by~~  
31 ~~authorizing the office to accept such filings in its behalf;~~

1 ~~but nothing contained in this chapter shall be construed as~~  
2 ~~requiring any insurer to become a member or a subscriber to~~  
3 ~~any rating organization.~~

4 (5)(a) A licensed rating organization may develop and  
5 file for approval with the office reference filings containing  
6 prospective loss costs and the underlying loss data and other  
7 supporting statistical and actuarial information. A rating  
8 organization may not develop or file final rates or  
9 multipliers for expenses and profit. After a loss cost  
10 reference filing has been filed with the office and approved,  
11 the rating organization shall provide its member insurers with  
12 a copy of the approved reference filing.

13 (b) Each insurer shall independently and individually  
14 file with the office the final rates that it will use and the  
15 effective date of any rate changes. An insurer shall  
16 independently file its rates, including prospective loss  
17 costs, as authorized by this section.

18 (c) An insurer that uses the prospective loss costs in  
19 the approved reference filing must independently and  
20 individually file with the office its multiplier for expenses  
21 and profit. The insurer's rates shall be the combination of  
22 the prospective loss costs and the multiplier for expenses and  
23 profit. Insurers shall file data in accordance with the  
24 uniform statistical plan approved by the office. An insurer  
25 may use variable or fixed expense loads or a combination of  
26 these and may vary the expense load by class, if the insurer  
27 files supporting data justifying such variations. An insurer  
28 that uses the prospective loss costs in an approved reference  
29 filing may use its multiplier and final rates immediately upon  
30 filing with the office, subject to disapproval by the office.

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1           (d) An insurer may file with the office premium  
2 discounts, credits, and surcharges that bear a reasonable  
3 relationship to the expected loss and expense experience of an  
4 individual policyholder, subject to a maximum surcharge of 40  
5 percent above the approved rate and a maximum discount or  
6 credit of 50 percent below the approved rate. An insurer that  
7 uses the prospective loss costs in an approved reference  
8 filing may use premium discounts, credits, and surcharges  
9 immediately upon filing with the office, subject to  
10 disapproval by the office.

11           (e) An insurer may request that its multiplier for  
12 expenses and profit remain on file and reference all  
13 subsequent prospective loss costs reference filings. Upon the  
14 effective date of approval of subsequent reference loss cost  
15 filings, the insurer's rates shall be the combination of the  
16 prospective loss costs and the multiplier contained in its  
17 filing with the office. The insurer's filed multiplier shall  
18 remain in effect until the insurer withdraws it and files a  
19 revised multiplier. An insurer that elects to use the  
20 prospective loss costs as filed, but with a different  
21 effective date, must file notice of the effective date with  
22 the office.

23           (6) A rating organization may file supplementary  
24 rating information that includes policy-writing rules, rating  
25 plans classification codes and descriptions, and rules that  
26 include factors or relativities, such as increased limits  
27 factors, classification relativities, or similar factors, but  
28 which excludes minimum premiums. An insurer may use  
29 supplementary rating information approved by the office.

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1           (7) A rating organization may file advisory manual  
2 workers' compensation rates to be used only to compute the  
3 assessment liability of insurers and self-insurers.

4           ~~(8)(5)~~ Pursuant to the provisions of s. 624.3161, the  
5 office may examine the underlying statistical data used in  
6 such filings.

7           ~~(9)(6)~~ Whenever the committee of a recognized rating  
8 organization with responsibility for workers' compensation and  
9 employer's liability insurance rates in this state meets to  
10 discuss the necessity for, or a request for, Florida rate  
11 increases or decreases, the determination of Florida rates,  
12 the rates to be requested, and any other matters pertaining  
13 specifically and directly to such Florida rates, such meetings  
14 shall be held in this state and shall be subject to s.  
15 286.011. The committee of such a rating organization shall  
16 provide at least 3 weeks' prior notice of such meetings to the  
17 office and shall provide at least 14 days' prior notice of  
18 such meetings to the public by publication in the Florida  
19 Administrative Weekly.

20           Section 3. Section 627.101, Florida Statutes, is  
21 amended to read:

22           627.101 When filing becomes effective; workers'  
23 compensation and employer's liability insurances.--

24           (1) The office shall review prospective loss cost  
25 filings and final rate filings as to workers' compensation and  
26 employer's liability insurances as soon as reasonably possible  
27 after they have been made in order to determine whether they  
28 meet the applicable requirements of this part. If the office  
29 determines that part of a rate filing does not meet the  
30 applicable requirements of this part, it may reject so much of  
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1 the filing as does not meet these requirements, and approve  
2 the remainder of the filing.

3 (2) The office shall specifically approve a  
4 prospective loss cost ~~the~~ filing before it becomes effective,  
5 unless the office has concluded it to be in the public  
6 interest to hold a public hearing to determine whether the  
7 filing meets the requirements of this chapter and has given  
8 notice of such hearing to the insurer or rating organization  
9 that made the filing, and in which case the effectiveness of  
10 the filing shall be subject to the further order of the office  
11 made as provided in s. 627.111. An insurer that uses the  
12 prospective loss costs in an approved reference filing may use  
13 its multiplier and final rates immediately upon filing with  
14 the office, as provided in s. 627.091, subject to disapproval  
15 by the office. If the office specifically disapproves a  
16 prospective loss cost filing or a final rate ~~the~~ filing, the  
17 provisions of subsection (4) shall apply.

18 (3) An insurer or rating organization may, at the time  
19 it makes a prospective loss cost filing with the office,  
20 request a public hearing thereon. In such event, the office  
21 shall give notice of the hearing.

22 (4) If the office disapproves a prospective loss cost  
23 or final rate filing, it shall promptly give notice of such  
24 disapproval to the insurer or rating organization that made  
25 the filing, stating the respects in which it finds that the  
26 filing does not meet the requirements of this chapter. If the  
27 office approves a filing, it shall give prompt notice thereof  
28 to the insurer or rating organization that made the filing,  
29 and in which case the filing shall become effective upon such  
30 approval or upon such subsequent date as may be satisfactory  
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1 to the office and the insurer or rating organization that made  
2 the filing.

3 Section 4. Subsection (1) of section 627.211, Florida  
4 Statutes, is amended to read:

5 627.211 Deviations; workers' compensation and  
6 employer's liability insurances.--

7 (1) Every member or subscriber to a rating  
8 organization shall, as to workers' compensation or employer's  
9 liability insurance, adhere to the filings made on its behalf  
10 by such organization; except that any such insurer may make  
11 written application to the office for permission to file a  
12 uniform percentage decrease or increase to be applied to the  
13 premiums produced by the rating system so filed for a kind of  
14 insurance, for a class of insurance which is found by the  
15 office to be a proper rating unit for the application of such  
16 uniform percentage decrease or increase, or for a subdivision  
17 of workers' compensation or employer's liability insurance:

18 (a) Comprised of a group of manual classifications  
19 which is treated as a separate unit for ratemaking purposes;  
20 or

21 (b) For which separate loss adjustment expense  
22 provisions are included in the filings of the rating  
23 organization.

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25 Such application shall specify the basis for the modification  
26 and shall be accompanied by the data upon which the applicant  
27 relies. A copy of the application and data shall be sent  
28 simultaneously to the rating organization.

29 Section 5. This act shall take effect October 1, 2005.  
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SENATE SUMMARY

Revises provisions related to rate filings permitted for workers' compensation or employer's liability insurance carriers. (See bill for details.)