

Bill No. CS for CS for SB 1980

Barcode 111350

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Floor: WD/2R
05/04/2006 05:58 PM

11 Senator Geller moved the following amendment:

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13 **Senate Amendment (with title amendment)**

14 On page 66, line 22, through

15 page 71, line 23, delete those lines

17 and insert:

18 (m)~~(d)~~1. It is the intent of the Legislature that the

19 rates for coverage provided by the corporation be actuarially

20 sound and not competitive with approved rates charged in the

21 admitted voluntary market, so that the corporation functions

22 as a residual market mechanism to provide insurance only when

23 the insurance cannot be procured in the voluntary market.

24 Rates shall include an appropriate catastrophe loading factor

25 that reflects the actual catastrophic exposure of the

26 corporation.

27 2.a. Except as provided in subparagraph 3., for each

28 county, the average rates of the corporation for each line of

29 business for personal lines residential policies excluding

30 rates for wind-only policies shall be no lower than the

31 average rates charged by the insurer that had the highest

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1 average rate in that county among the 20 insurers with the
2 greatest total direct written premium in the state for that
3 line of business in the preceding year, except that with
4 respect to mobile home coverages, the average rates of the
5 corporation shall be no lower than the average rates charged
6 by the insurer that had the highest average rate in that
7 county among the 5 insurers with the greatest total written
8 premium for mobile home owner's policies in the state in the
9 preceding year.

10 ~~b.3.~~ Rates for personal lines residential wind-only
11 policies must be actuarially sound and not competitive with
12 approved rates charged by authorized insurers. Corporation
13 rate manuals shall include a rate surcharge for seasonal
14 occupancy. To ensure that personal lines residential wind-only
15 rates are not competitive with approved rates charged by
16 authorized insurers, the corporation, in conjunction with the
17 office, shall develop a wind-only ratemaking methodology,
18 which methodology shall be contained in each rate filing made
19 by the corporation with the office. If the office determines
20 that the wind-only rates or rating factors filed by the
21 corporation fail to comply with the wind-only ratemaking
22 methodology provided for in this subsection, it shall so
23 notify the corporation and require the corporation to amend
24 its rates or rating factors to come into compliance within 90
25 days of notice from the office.

26 3. The provisions of sub-subparagraph 2.a. do not
27 apply to coverage provided by the corporation in any area of a
28 postal zip code for which the office determines that no
29 competition exists for personal lines residential policies.
30 The provisions of sub-subparagraph 2.b. do not apply to
31 coverage provided by the corporation in any area of a postal

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1 zip code for which the office determines that no competition
2 exists for personal lines residential policies in the portion
3 of the area of that postal zip code which is eligible for
4 wind-only coverage. In such postal zip code areas, the rates
5 for personal lines residential coverage must only be
6 actuarially sound and not excessive, inadequate, or unfairly
7 discriminatory and are subject to the other provisions of this
8 paragraph and s. 627.062. The commission shall adopt rules
9 establishing criteria for determining whether no competition
10 exists for personal lines residential policies in an area of a
11 postal zip code. Beginning October 1, 2006, and each 3 months
12 thereafter, the office shall determine and identify for
13 purposes of this subparagraph those areas of postal zip codes
14 for which no competition exists for personal lines residential
15 policies.

16 4. For the purposes of establishing a pilot program to
17 evaluate issues relating to the availability and affordability
18 of insurance in an area where historically there has been
19 little market competition, the provisions of sub-subparagraph
20 2.a. subparagraph 2. do not apply to coverage provided by the
21 corporation in Monroe County if the office determines that a
22 reasonable degree of competition does not exist for personal
23 lines residential policies. The provisions of sub-subparagraph
24 2.b. subparagraph 3. do not apply to coverage provided by the
25 corporation in Monroe County if the office determines that a
26 reasonable degree of competition does not exist for personal
27 lines residential policies in the area of that county which is
28 eligible for wind-only coverage. In this county, the rates for
29 personal lines residential coverage shall be actuarially sound
30 and not excessive, inadequate, or unfairly discriminatory and
31 are subject to the other provisions of the paragraph and s.

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1 627.062. The commission shall adopt rules establishing the
 2 criteria for determining whether a reasonable degree of
 3 competition exists for personal lines residential policies in
 4 Monroe County. By March 1, 2006, the office shall submit a
 5 report to the Legislature providing an evaluation of the
 6 implementation of the pilot program affecting Monroe County.

7 5. Rates for commercial lines coverage shall not be
 8 subject to the requirements of sub-subparagraph 2.a.
 9 ~~subparagraph 2.~~, but shall be subject to all other
 10 requirements of this paragraph and s. 627.062.

11 6. Nothing in this paragraph shall require or allow
 12 the corporation to adopt a rate that is inadequate under s.
 13 627.062.

14 7. The corporation shall certify to the office at
 15 least twice annually that its personal lines rates comply with
 16 the requirements of this paragraph ~~subparagraphs 1. and 2.~~ If
 17 any adjustment in the rates or rating factors of the
 18 corporation is necessary to ensure such compliance, the
 19 corporation shall make and implement such adjustments and file
 20 its revised rates and rating factors with the office. If the
 21 office thereafter determines that the revised rates and rating
 22 factors fail to comply with the provisions of this paragraph
 23 ~~subparagraphs 1. and 2.~~, the office ~~it~~ shall notify the
 24 corporation and require the corporation to amend its rates or
 25 rating factors in conjunction with its next rate filing. The
 26 office must notify the corporation by electronic means of any
 27 rate filing it approves for any insurer among the insurers
 28 referred to in sub-subparagraph 2.a ~~subparagraph 2.~~

29 8. In addition to the rates otherwise determined
 30 pursuant to this paragraph, the corporation shall impose and
 31 collect an amount equal to the premium tax provided for in s.

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1 624.509 to augment the financial resources of the corporation.

2 9. ~~a.~~ To assist the corporation in developing
 3 additional ratemaking methods to ensure ~~assure~~ compliance with
 4 this paragraph ~~subparagraphs 1. and 4.~~, the corporation shall
 5 appoint a rate methodology panel consisting of one person
 6 recommended by the Florida Association of Insurance Agents,
 7 one person recommended by the Professional Insurance Agents of
 8 Florida, one person recommended by the Florida Association of
 9 Insurance and Financial Advisors, one person recommended by
 10 the insurer with the highest voluntary market share of
 11 residential property insurance business in the state, one
 12 person recommended by the insurer with the second-highest
 13 voluntary market share of residential property insurance
 14 business in the state, one person recommended by an insurer
 15 writing commercial residential property insurance in this
 16 state, one person recommended by the Office of Insurance
 17 Regulation, and one board member designated by the board
 18 chairman, who shall serve as chairman of the panel.

19 ~~b. By January 1, 2004, the rate methodology panel~~
 20 ~~shall provide a report to the corporation of its findings and~~
 21 ~~recommendations for the use of additional ratemaking methods~~
 22 ~~and procedures, including the use of a rate equalization~~
 23 ~~surcharge in an amount sufficient to assure that the total~~
 24 ~~cost of coverage for policyholders or applicants to the~~
 25 ~~corporation is sufficient to comply with subparagraph 1.~~

26 ~~c. Within 30 days after such report, the corporation~~
 27 ~~shall present to the President of the Senate, the Speaker of~~
 28 ~~the House of Representatives, the minority party leaders of~~
 29 ~~each house of the Legislature, and the chairs of the standing~~
 30 ~~committees of each house of the Legislature having~~
 31 ~~jurisdiction of insurance issues, a plan for implementing the~~

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1 ~~additional ratemaking methods and an outline of any~~
2 ~~legislation needed to facilitate use of the new methods.~~

3 ~~d. The plan must include a provision that producer~~
4 ~~commissions paid by the corporation shall not be calculated in~~
5 ~~such a manner as to include any rate equalization surcharge.~~
6 ~~However, without regard to the plan to be developed or its~~
7 ~~implementation, producer commissions paid by the corporation~~
8 ~~for each account, other than the quota share primary program,~~
9 ~~shall remain fixed as to percentage, effective rate,~~
10 ~~calculation, and payment method until January 1, 2004.~~

11 10. ~~By January 1, 2004,~~ The corporation shall develop
12 a notice to policyholders or applicants that the rates of
13 Citizens Property Insurance Corporation are intended to be
14 higher than the rates of any admitted carrier and providing
15 other information the corporation deems necessary to assist
16 consumers in finding other voluntary admitted insurers willing
17 to insure their property.

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

21 And the title is amended as follows:

22 On page 5, lines 13-15, delete those lines

23

24 and insert:

25 certain determination; providing additional
26 legislative intent relating to coverage rates
27 provided by the Citizens Property Insurance
28 Corporation; specifying nonapplication of
29 certain policy requirements in postal zip code
30 areas lacking any competition for personal
31 lines residential policies under certain

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1 circumstances; requiring the Financial Services
2 Commission to adopt rules; requiring the Office
3 of Insurance Regulation to periodically
4 determine and identify postal zip code areas in
5 which no competition exists for personal lines
6 residential policies; deleting an obsolete rate
7 methodology panel reporting requirement
8 provision;

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