

Bill No. PCS for SB 2118 (411598)

Barcode 533050

CHAMBER ACTION

Senate

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The Committee on Banking and Insurance (Campbell) recommended
the following amendment:

Senate Amendment (with title amendment)

On page 2, line 22,

insert:

Section 1. Subsections (3) and (6) of section 627.041,
Florida Statutes, are amended to read:

627.041 Definitions.--As used in this part:

(3) "Rating organization" means every person, other
than an authorized insurer, whether located within or outside
this state, who has as his or her object or purpose the making
of prospective loss costs rates, rating plans, or rating
systems. Two or more authorized insurers that act in concert
for the purpose of making rates, rating plans, or rating
systems, and that do not operate within the specific
authorizations contained in ss. 627.311, 627.314(2), (4), and
627.351, shall be deemed to be a rating organization. No
single insurer shall be deemed to be a rating organization.

(6) "Subscriber" means an insurer which is furnished

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1 at its request:

2 (a) With prospective loss costs rates and rating
3 manuals by a rating organization of which it is not a member;
4 or

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

7 Section 2. Section 627.091, Florida Statutes, is
8 amended to read:

9 627.091 Rate filings; workers' compensation and
10 employer's liability insurances.--

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

12 (a) "Expenses" means that portion of a rate
13 attributable to acquisition, field supervision, collection
14 expenses, general expenses, taxes, licenses, and fees.

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

21 (c) "Prospective loss costs" means that portion of a
22 rate which does not include provisions for expenses other than
23 loss adjustment expenses or profit, and is based on historical
24 aggregate losses and loss adjustment expenses adjusted through
25 development to their ultimate value and projected through
26 trending to a future point in time.

27 (2)~~(1)~~ As to workers' compensation and employer's
28 liability insurances, every insurer shall file with the office
29 every manual of classifications, rules, and rates, every
30 rating plan, and every modification of any of the foregoing
31 which it proposes to use. Every insurer is authorized to

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1 include deductible provisions in its manual of
2 classifications, rules, and rates. Such deductibles shall in
3 all cases be in a form and manner which is consistent with the
4 underlying purpose of chapter 440.

5 ~~(3)(2)~~ Every such filing shall state the proposed
6 effective date thereof, and shall indicate the character and
7 extent of the coverage contemplated. When a filing is not
8 accompanied by the information upon which the insurer supports
9 the filing and the office does not have sufficient information
10 to determine whether the filing meets the applicable
11 requirements of this part, it shall within 15 days after the
12 date of filing require the insurer to furnish the information
13 upon which it supports the filing. The information furnished
14 in support of a filing may include:

15 (a) The experience or judgment of the insurer or
16 rating organization making the filing;

17 (b) Its interpretation of any statistical data it
18 relies upon;

19 (c) The experience of other insurers or rating
20 organizations; or

21 (d) Any other factors which the insurer or rating
22 organization deems relevant.

23 ~~(4)(3)~~ A filing and any supporting information shall
24 be open to public inspection as provided in s. 119.07(1).

25 ~~(5)(4)~~ An insurer may satisfy its obligation to make
26 such filings of prospective loss costs by becoming a member
27 of, or a subscriber to, a licensed rating organization which
28 makes such filings and by authorizing the office to accept
29 such filings in its behalf; but nothing contained in this
30 chapter shall be construed as requiring any insurer to become
31 a member or a subscriber to any rating organization.

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

10 (b) Each insurer shall independently and individually
 11 file with the office the final rates it will use and the
 12 effective date of any rate changes. An insurer may
 13 independently file its rates, including prospective loss
 14 costs, as authorized by this section. An insurer that is a
 15 member or subscriber to a rating organization may use the
 16 prospective loss costs in an approved reference filing by the
 17 rating organization, or the insurer may file for a deviation
 18 from the loss cost reference filing under s. 627.211.

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

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1 disapproval by the department.

2 (d) An insurer may request to have its multiplier for
3 expenses and profit remain on file and reference all
4 subsequent prospective loss costs reference filings. Upon the
5 effective date of approval of subsequent reference loss costs
6 filings, the insurer's rates shall be the combination of the
7 prospective loss costs and the multiplier contained in its
8 filing with the office. The insurer's filed multiplier shall
9 remain in effect until the insurer withdraws it and files a
10 revised multiplier. If the insurer elects to use the
11 prospective loss costs as filed but with a different effective
12 date, then the insurer must file notice with the office of the
13 effective date.

14 (7) A rating organization may file supplementary
15 rating information that includes policy-writing rules, rating
16 plans classification codes and descriptions, and rules that
17 include factors or relativities, such as increased limits
18 factors, classification relativities, or similar factors, but
19 excludes minimum premiums. An insurer may elect to use such
20 supplementary rating information approved by the office.

21 (8) A rating organization may file:

22 (a) Final rates and rating plans for the Florida
23 Workers' Compensation Joint Underwriting Association market;

24 (b) The uniform classification plan and rules;

25 (c) The uniform experience rating plan and rules; and

26 (d) Advisory manual workers' compensation rates to be
27 used for the sole purpose of computing the assessment
28 liability of self-insurers.

29 (9)(5) Pursuant to the provisions of s. 624.3161, the
30 office may examine the underlying statistical data used in
31 such filings.

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1 ~~(10)(6)~~ Whenever the committee of a recognized rating
2 organization with responsibility for workers' compensation and
3 employer's liability insurance rates in this state meets to
4 discuss the necessity for, or a request for, Florida rate
5 increases or decreases, the determination of Florida rates,
6 the rates to be requested, and any other matters pertaining
7 specifically and directly to such Florida rates, such meetings
8 shall be held in this state and shall be subject to s.
9 286.011. The committee of such a rating organization shall
10 provide at least 3 weeks' prior notice of such meetings to the
11 office and shall provide at least 14 days' prior notice of
12 such meetings to the public by publication in the Florida
13 Administrative Weekly.

14 Section 3. Section 627.101, Florida Statutes, is
15 amended to read:

16 627.101 When filing becomes effective; workers'
17 compensation and employer's liability insurances.--

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

27 (2) The office shall specifically approve a
28 prospective loss costs ~~the~~ filing before it becomes effective,
29 unless the office has concluded it to be in the public
30 interest to hold a public hearing to determine whether the
31 filing meets the requirements of this chapter and has given

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1 notice of such hearing to the insurer or rating organization
 2 that made the filing, and in which case the effectiveness of
 3 the filing shall be subject to the further order of the office
 4 made as provided in s. 627.111. An insurer that uses the
 5 prospective loss costs in an approved reference filing may use
 6 its multiplier and final rates immediately upon filing with
 7 the office, as provided in s. 627.091, subject to disapproval
 8 by the office. If the office specifically disapproves either a
 9 prospective loss costs filing or a final rate ~~the~~ filing, the
 10 provisions of subsection (4) shall apply.

11 (3) An insurer or rating organization may, at the time
 12 it makes a prospective loss costs filing with the office,
 13 request a public hearing thereon. In such event, the office
 14 shall give notice of the hearing.

15 (4) If the office disapproves a prospective loss costs
 16 filing or final rate filing, it shall promptly give notice of
 17 such disapproval to the insurer or rating organization that
 18 made the filing, stating the respects in which it finds that
 19 the filing does not meet the requirements of this chapter. If
 20 the office approves a filing, it shall give prompt notice
 21 thereof to the insurer or rating organization that made the
 22 filing, and in which case the filing shall become effective
 23 upon such approval or upon such subsequent date as may be
 24 satisfactory to the office and the insurer or rating
 25 organization that made the filing.

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

28 627.211 Deviations; workers' compensation and
 29 employer's liability insurances.--

30 (1) Every member or subscriber to a rating
 31 organization shall, as to workers' compensation or employer's

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1 liability insurance, adhere to the filings made on its behalf
 2 by such organization; except that any such insurer may make
 3 written application to the office for permission to file a
 4 uniform percentage decrease or increase to be applied to the
 5 premiums produced by the rating system so filed for a kind of
 6 insurance, for a class of insurance which is found by the
 7 office to be a proper rating unit for the application of such
 8 uniform percentage decrease or increase, or for a subdivision
 9 of workers' compensation or employer's liability insurance:

10 (a) Comprised of a group of manual classifications
 11 which is treated as a separate unit for ratemaking purposes;
 12 or

13 (b) For which separate loss adjustment expense
 14 provisions are included in the filings of the rating
 15 organization.

16
 17 Such application shall specify the basis for the modification
 18 and shall be accompanied by the data upon which the applicant
 19 relies. A copy of the application and data shall be sent
 20 simultaneously to the rating organization.

21
 22 (Redesignate subsequent sections.)

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 24
 25 ===== T I T L E A M E N D M E N T =====

26 And the title is amended as follows:

27 On page 1, lines 2-4, delete those lines

28
 29 and insert:

30 An act relating to workers' compensation
 31 insurance; amending s. 627.041, F.S.;

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1 redefining the terms "rating organization" and
2 "subscriber"; amending s. 627.091, F.S. ;
3 defining the terms "expenses," "multiplier,"
4 and "prospective loss costs" as used with
5 respect to rate filings for workers'
6 compensation insurance; allowing rating
7 organizations to make filings with the Office
8 of Insurance Regulation containing prospective
9 loss costs, but not final rates or multipliers
10 for expenses and profit; requiring each insurer
11 to independently file with the office the final
12 rates it will use and its multiplier for
13 expenses and loss costs; authorizing rating
14 organizations to file supplementary rate
15 information and final rates for the Florida
16 Workers' Compensation Joint Underwriting
17 Association and other information; amending s.
18 627.101, F.S.; prescribing procedures for
19 prospective loss costs filings and final rate
20 filings; amending s. 627.211, F.S.; revising
21 the standards for an insurer that files for a
22 deviation from the filings made by a rating
23 organization; amending s. 627.311, F.S. ;
24 providing

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