

Amendment No.

CHAMBER ACTION

Senate

House



1 Representative(s) Sands offered the following:

2

3 **Amendment (with title amendment)**

4 Remove everything after the enacting clause and insert:

5 Section 1. Effective June 1, 2007, subsection (15) is
6 added to section 627.215, Florida Statutes, to read:

7 627.215 Excessive profits for workers' compensation,
8 employer's liability, commercial property, and commercial
9 casualty insurance prohibited.--

10 (15) (a) Each insurer group offering workers' compensation
11 or employer's liability insurance shall also file a schedule of
12 loss and loss adjustment experience in this state for each of
13 the 10 years previous to the most recent accident year. The
14 incurred losses and loss adjustment expenses shall be valued as
15 of December 31 of the first year following the latest accident
16 year to be reported, developed to an ultimate basis, and at nine

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17 12-month intervals thereafter, each developed to an ultimate
18 basis, so that a total of ten evaluations will be provided for
19 each accident year. The first year to be included shall be
20 accident year 1996, so that the reporting of 10 accident years
21 under this revised evaluation will not take place until accident
22 year 2005 data is included in the first report under this
23 subsection that shall be filed prior to July 1, 2008, and this
24 subsection shall not apply until an insurer group has 10 years
25 of loss experience in this state. For reporting purposes
26 unrelated to determining excessive profits, the loss and loss
27 adjustment experience of each accident year shall continue to be
28 reported until each accident year has been reported at eight
29 stages of development.

30 (b) For those insurer groups offering workers'
31 compensation or employer's liability insurance during the years
32 1996 through 2005, an excessive profit has been realized if
33 underwriting gain is greater than the anticipated underwriting
34 profit plus 5 percent of earned premiums for the 10 most recent
35 calendar years for which data is to be filed under this
36 subsection. Any excess profit of an insurance company offering
37 workers' compensation or employer's liability insurance during
38 such period of time shall be returned to policyholders in the
39 form of a cash refund or a credit toward future purchase of
40 insurance. The excessive amount shall be refunded on a pro rata
41 basis in relation to the final compilation year earned premiums
42 to the workers' compensation policyholders of record of the
43 insurer group on December 31 of the final compilation year.

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44 (c) As used in this subsection with respect to any 10-year
45 period, the term "anticipated underwriting profit" means the sum
46 of the dollar amounts obtained by multiplying, for each rate
47 filing of the insurer group in effect during such period, the
48 earned premiums applicable to such rate filing during such
49 period by the percentage factor included in such rate filing for
50 profit and contingencies, which factor was determined with due
51 recognition to investment income from funds generated by
52 business in this state; however, the anticipated underwriting
53 profit for the purposes of this subsection shall be calculated
54 using a profit and contingencies factor that is not less than
55 zero. Separate calculations need not be made for consecutive
56 rate filings containing the same percentage factor for profits
57 and contingencies.

58 (d) Insurer groups offering workers' compensation
59 insurance or employer's liability insurance must file only the
60 reports required under this subsection for the purposes of this
61 section.

62 Section 2. Section 627.442, Florida Statutes, is created
63 to read:

64 627.442 Insurance contracts.--A person who requires a
65 workers' compensation insurance policy pursuant to a
66 construction contract may not reject a workers' compensation
67 insurance policy issued by a self-insurance fund that is subject
68 to part V of chapter 631 based upon the self-insurance fund not
69 being rated by a nationally recognized insurance rating service.

70 Section 3. If any provision of this act or its application
71 to any person or circumstances is held invalid, the invalidity

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72 shall not affect other provisions or applications of the act
73 which can be given effect without the invalid provision or
74 application, and to this end the provisions of the act are
75 declared severable.

76 Section 4. Except as otherwise expressly provided by this
77 act, this act shall take effect upon becoming a law.

78

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

80 Remove the entire title and insert:

81 A bill to be entitled

82 An act relating to insurance; amending s. 627.215, F.S.;
83 providing additional filing requirements for certain
84 insurers; providing criteria for such requirements;
85 requiring refunds of certain excessive profits under
86 certain circumstances; providing a definition; providing a
87 report filing limitation; creating s. 627.442, F.S.;
88 prohibiting the rejection of workers' compensation
89 insurance policies issued by certain self-insurance funds
90 under certain circumstances; providing severability;
91 providing effective dates.