

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative(s) Sands offered the following:

2 **Amendment (with title amendment)**

3 Remove everything after the enacting clause and insert:

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

6 627.215 Excessive profits for workers' compensation,  
7 employer's liability, commercial property, and commercial  
8 casualty insurance prohibited.--

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

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

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

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

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

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

63 627.442 Insurance contracts.--A person who requires a  
64 workers' compensation insurance policy pursuant to a  
65 construction contract may not reject a workers' compensation  
66 insurance policy issued by a self-insurance fund that is subject  
67 to part V of chapter 631 based upon the self-insurance fund not  
68 being rated by a nationally recognized insurance rating service.

69 Section 3. If any provision of this act or its application  
70 to any person or circumstances is held invalid, the invalidity  
71 shall not affect other provisions or applications of the act  
72 which can be given effect without the invalid provision or

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73 application, and to this end the provisions of the act are  
74 declared severable.

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

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

79 Remove the entire title and insert:

80 A bill to be entitled

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