

1 A bill to be entitled
2 An act relating to commercial insurance rates; amending s.
3 627.062, F.S.; exempting certain categories or types of
4 insurance and types of commercial lines risks from certain
5 rate requirements; requiring insurers and rating
6 organizations to establish and use rates, rating
7 schedules, and rating manuals to allow insurers a
8 reasonable rate of return on certain commercial insurance
9 and risks; requiring insurers to notify the Office of
10 Insurance Regulation of changes to rates for certain
11 insurance and risks; providing notice requirements;
12 requiring certain information to be maintained by insurers
13 and subject to examination by the office; providing rate
14 factors and standards to be used in such examinations;
15 requiring rating organizations to notify the office of
16 changes to loss costs for certain insurance and risks;
17 providing requirements for such notification; requiring
18 certain information to be maintained by rating
19 organizations and subject to examination by the office;
20 providing rate factors and standards to be used in such
21 examination; authorizing the office to require certain
22 information be provided by insurers at the insurers'
23 expense for certain purposes; amending s. 627.0651, F.S.;
24 excluding certain commercial motor vehicle insurance from
25 certain motor vehicle insurance rate requirements;
26 prohibiting certain commercial motor vehicle insurance
27 from being excessive, inadequate, or unfairly
28 discriminatory; requiring insurers to establish and use

29 rates, rating schedules, and rating manuals to allow
 30 insurers a reasonable rate of return on certain commercial
 31 motor vehicle insurance; requiring insurers to notify the
 32 office of changes to rates for certain types of insurance;
 33 providing notice requirements; requiring certain
 34 information to be maintained by insurers and subject to
 35 examination by the office; providing rate factors and
 36 standards to be used in such examinations; requiring
 37 rating organizations to notify the office of changes to
 38 loss costs for certain types of insurance; providing
 39 requirements for such notification; requiring certain
 40 information to be maintained by rating organizations and
 41 subject to examination by the office; providing rate
 42 factors and standards to be used in such examination;
 43 authorizing the office to require certain information to
 44 be provided by insurers at the insurers' expense for
 45 certain purposes; providing an effective date.

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 47 Be It Enacted by the Legislature of the State of Florida:

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 49 Section 1. Paragraph (d) is added to subsection (3) of
 50 section 627.062, Florida Statutes, to read:

51 627.062 Rate standards.—

52 (3)

53 (d)1. The following categories or kinds of insurance and
 54 types of commercial lines risks are not subject to paragraph
 55 (2) (a) or paragraph (2) (f):

56 a. Excess or umbrella.

57 b. Surety and fidelity.

58 c. Boiler and machinery and leakage and fire extinguishing
59 equipment.

60 d. Errors and omissions.

61 e. Directors and officers, employment practices, and
62 management liability.

63 f. Intellectual property and patent infringement
64 liability.

65 g. Advertising injury and Internet liability insurance.

66 h. Property risks rated under a highly protected risks
67 rating plan.

68 i. Any other commercial lines categories or kinds of
69 insurance or types of commercial lines risks that the office
70 determines should not be subject to paragraph (2) (a) or
71 paragraph (2) (f) for reasons of the existence of a competitive
72 market for such insurance, similarity of such insurance to other
73 categories or kinds of insurance not subject to paragraph (2) (a)
74 or paragraph (2) (f), or to improve the general operational
75 efficiency of the office.

76 2. Insurers or rating organizations shall establish and
77 use rates, rating schedules, or rating manuals to allow the
78 insurer a reasonable rate of return on insurance and risks
79 described in subparagraph 1. written in this state.

80 3. An insurer shall notify the office of any changes to
81 rates for insurance and risks described in subparagraph 1. no
82 later than 30 days after the effective date of the change. The
83 notice must include the name of the insurer, the type or kind of
84 insurance subject to the rate change, total premium written

85 during the immediately preceding year by the insurer for the
86 type or kind of insurance subject to the rate change, and the
87 average statewide percentage change in rates. Underwriting
88 files, premiums, losses, and expense statistics with regard to
89 the kinds of insurance and types of risks described in
90 subparagraph 1. written by an insurer shall be maintained by the
91 insurer and subject to examination by the office. Upon
92 examination, the office shall, in accordance with generally
93 accepted and reasonable actuarial techniques, consider the rate
94 factors in paragraphs (2) (b)-(d) and the standards in paragraph
95 (2) (e) to determine if the rate is excessive, inadequate, or
96 unfairly discriminatory.

97 4. A rating organization shall notify the office of any
98 changes to loss cost for insurance and risks described in
99 subparagraph 1. no later than 30 days after the effective date
100 of the change. The notice must include the name of the rating
101 organization, the type or kind of insurance subject to a loss
102 cost change, loss costs during the immediately preceding year
103 for the type or kind of insurance subject to the loss cost
104 change, and the average statewide percentage change in loss
105 cost. Loss and exposure statistics with regard to risks
106 applicable to loss costs for a rating organization not subject
107 to paragraph (2) (a) or paragraph (2) (f) shall be maintained by
108 the rating organization and are subject to examination by the
109 office. Upon examination, the office shall, in accordance with
110 generally accepted and reasonable actuarial techniques, consider
111 the rate factors in paragraphs (2) (b)-(d) and the standards in
112 paragraph (2) (e) to determine if the rate is excessive,

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113 inadequate, or unfairly discriminatory.

114 5. In reviewing a rate, the office may require the insurer
115 to provide at the insurer's expense all information necessary to
116 evaluate the condition of the company and the reasonableness of
117 the rate according to the applicable criteria enumerated in this
118 section.

119 Section 2. Subsection (14) is added to section 627.0651,
120 Florida Statutes, to read:

121 627.0651 Making and use of rates for motor vehicle
122 insurance.—

123 (14) (a) Commercial motor vehicle insurance covering a
124 fleet of five or more self-propelled vehicles is not subject to
125 subsection (1), subsection (2), or subsection (9) or s.
126 627.0645.

127 (b) The rates for the insurance described in this
128 subsection may not be excessive, inadequate, or unfairly
129 discriminatory.

130 (c) Insurers shall establish and use rates, rating
131 schedules, or rating manuals to allow the insurer a reasonable
132 rate of return on commercial motor vehicle insurance covering a
133 fleet of five or more self-propelled vehicles written in this
134 state.

135 (d) An insurer shall notify the office of any changes to
136 rates for the type of insurance described in this subsection no
137 later than 30 days after the effective date of the change. The
138 notice must include the name of the insurer, the type or kind of
139 insurance subject to the rate change, total premium written
140 during the immediately preceding year by the insurer for the

141 type or kind of insurance subject to the rate change, and the
142 average statewide percentage change in rates. Underwriting
143 files, premiums, losses, and expense statistics for the type of
144 insurance described in this subsection shall be maintained by
145 the insurer and subject to examination by the office. Upon
146 examination, the office shall, in accordance with generally
147 accepted and reasonable actuarial techniques, consider the
148 factors in paragraphs (2)(a)-(1) and apply subsections (3)-(8)
149 to determine if the rate is excessive, inadequate, or unfairly
150 discriminatory.

151 (e) A rating organization shall notify the office of any
152 changes to loss cost for the type of insurance described in this
153 subsection no later than 30 days after the effective date of the
154 change. The notice must include the name of the rating
155 organization, the type or kind of insurance subject to a loss
156 cost change, loss costs during the immediately preceding year
157 for the type or kind of insurance subject to the loss cost
158 change, and the average statewide percentage change in loss
159 cost. Loss and exposure statistics with regard to risks
160 applicable to loss costs for a rating organization not subject
161 to paragraph (2)(a) or paragraph (2)(f) shall be maintained by
162 the rating organization and are subject to examination by the
163 office. Upon examination, the office shall, in accordance with
164 generally accepted and reasonable actuarial techniques, consider
165 the rate factors in paragraphs (2)(a)-(1) and apply subsections
166 (3)-(8) to determine if the rate is excessive, inadequate, or
167 unfairly discriminatory.

168 (f) In reviewing the rate, the office may require the

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169 | insurer to provide at the insurer's expense all information
170 | necessary to evaluate the condition of the company and the
171 | reasonableness of the rate according to the applicable criteria
172 | enumerated in this subsection.

173 | Section 3. This act shall take effect January 1, 2011.