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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/07/2010	.	
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The Committee on Banking and Insurance (Bennett) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause and insert:

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

627.062 Rate standards.—

(3)

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

a. Excess or umbrella.



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13           b. Surety and fidelity.

14           c. Boiler and machinery and leakage and fire extinguishing  
15 equipment.

16           d. Errors and omissions.

17           e. Directors and officers, employment practices, and  
18 management liability.

19           f. Intellectual property and patent infringement liability.

20           g. Advertising injury and Internet liability insurance.

21           h. Property risks rated under a highly protected risks  
22 rating plan.

23           i. Any other commercial lines categories or kinds of  
24 insurance or types of commercial lines risks that the office  
25 determines should not be subject to paragraph (2)(a) or  
26 paragraph (2)(f) because of the existence of a competitive  
27 market for such insurance, similarity of such insurance to other  
28 categories or kinds of insurance not subject to paragraph (2)(a)  
29 or paragraph (2)(f), or to improve the general operational  
30 efficiency of the office.

31           2. Insurers or rating organizations shall establish and use  
32 rates, rating schedules, or rating manuals to allow the insurer  
33 a reasonable rate of return on insurance and risks described in  
34 subparagraph 1. which are written in this state.

35           3. An insurer must notify the office of any changes to  
36 rates for insurance and risks described in subparagraph 1. no  
37 later than 30 days after the effective date of the change. The  
38 notice must include the name of the insurer, the type or kind of  
39 insurance subject to rate change, total premium written during  
40 the immediately preceding year by the insurer for the type or  
41 kind of insurance subject to the rate change, and the average



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42 statewide percentage change in rates. Underwriting files,  
43 premiums, losses, and expense statistics with regard to  
44 insurance and risks described in subparagraph 1. written by an  
45 insurer shall be maintained by the insurer and subject to  
46 examination by the office. Upon examination, the office shall,  
47 in accordance with generally accepted and reasonable actuarial  
48 techniques, consider the rate factors in paragraphs (2)(b), (c),  
49 and (d)) and the standards in paragraph (2)(e) to determine if  
50 the rate is excessive, inadequate, or unfairly discriminatory.

51 4. In reviewing a rate, the office may require the insurer  
52 to provide at the insurer's expense all information necessary to  
53 evaluate the condition of the company and the reasonableness of  
54 the rate according to the applicable criteria described in this  
55 section.

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

58 627.0651 Making and use of rates for motor vehicle  
59 insurance.—

60 (14)(a) Commercial motor vehicle insurance covering a fleet  
61 of five or more self-propelled vehicles is not subject to  
62 subsection (1), subsection (2), or subsection (9) or s.  
63 627.0645.

64 (b) The rates for insurance described in this subsection  
65 may not be excessive, inadequate, or unfairly discriminatory.

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



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71       (d) An insurer must notify the office of any changes to  
72 rates for type of insurance described in this subsection no  
73 later than 30 days after the effective date of the change. The  
74 notice shall include the name of the insurer, the type or kind  
75 of insurance subject to rate change, total premium written  
76 during the immediately preceding year by the insurer for the  
77 type or kind of insurance subject to the rate change, and the  
78 average statewide percentage change in rates. Underwriting  
79 files, premiums, losses, and expense statistics for the type of  
80 insurance described in this subsection shall be maintained by  
81 the insurer and subject to examination by the office. Upon  
82 examination, the office shall, in accordance with generally  
83 accepted and reasonable actuarial techniques, consider the  
84 factors in paragraphs (2) (a)-(1) and apply subsections (3)-(8)  
85 to determine if the rate is excessive, inadequate, or unfairly  
86 discriminatory.

87       (e) In reviewing the rate, the office may require the  
88 insurer to provide at the insurer's expense all information  
89 necessary to evaluate the condition of the company and the  
90 reasonableness of the rate according to the applicable criteria  
91 described herein.

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

93  
94 ===== T I T L E   A M E N D M E N T =====

95 And the title is amended as follows:

96       Delete everything before the enacting clause  
97 and insert:

98                               A bill to be entitled  
99       An act relating to commercial insurance rates;



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100 amending s. 627.062, F.S.; exempting certain  
101 categories or types of insurance and types of  
102 commercial lines risks from certain rate requirements;  
103 requiring that insurers or rating organizations  
104 establish and use rates, rating schedules, or rating  
105 manuals allowing for a reasonable rate of return on  
106 certain insurance and risks; requiring that an insurer  
107 notify the Office of Insurance Regulation of any  
108 changes to rates for certain insurance and risks;  
109 requiring that such notice contain certain  
110 information; requiring that an insurer maintain  
111 certain information; providing that such information  
112 is subject to examination by the office; requiring  
113 that the office consider certain rate factors and  
114 standards when examining such information for the  
115 purpose of determining whether the rate is excessive,  
116 inadequate, or unfairly discriminatory; authorizing  
117 the office, when reviewing a rate, to require that an  
118 insurer provide certain information at the insurer's  
119 expense; amending s. 627.0651, F.S.; exempting  
120 commercial motor vehicle insurance from certain motor  
121 vehicle insurance rate requirements; prohibiting  
122 certain insurance rates from being excessive,  
123 inadequate, or unfairly discriminatory; requiring that  
124 insurers or rating organizations establish and use  
125 rates, rating schedules, or rating manuals allowing  
126 for a reasonable rate of return on certain insurance  
127 and risks; requiring that an insurer notify the office  
128 of any changes to rates for certain insurance and



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129 risks; requiring that such notice contain certain  
130 information; requiring that an insurer maintain  
131 certain information; providing that such information  
132 is subject to examination by the office; requiring  
133 that the office consider certain rate factors and  
134 standards when examining such information for the  
135 purpose of determining whether the rate is excessive,  
136 inadequate, or unfairly discriminatory; authorizing  
137 the office, when reviewing a rate, to require that an  
138 insurer provide certain information at the insurer's  
139 expense; providing an effective date.