

By the Committees on General Government Appropriations; and
Banking and Insurance; and Senator Peadar

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1 A bill to be entitled
2 An act relating to insurance; creating s. 624.46223,
3 F.S.; prohibiting an association, fund, or pool
4 created for the purpose of forming or managing a risk
5 management mechanism or providing self-insurance for a
6 public entity from requiring its members to give more
7 than 45 days' notice of the member's intention to
8 withdraw from the association, fund, or pool; amending
9 s. 627.062, F.S.; exempting certain categories or
10 types of insurance and types of commercial lines risks
11 from certain rate requirements; requiring that
12 insurers or rating organizations establish and use
13 rates, rating schedules, or rating manuals allowing
14 for a reasonable rate of return on certain insurance
15 and risks; requiring that an insurer notify the Office
16 of Insurance Regulation of any changes to rates for
17 certain insurance and risks; requiring that such
18 notice contain certain information; requiring that an
19 insurer maintain certain information; providing that
20 such information is subject to examination by the
21 office; requiring that the office consider certain
22 rate factors and standards when examining such
23 information for the purpose of determining whether the
24 rate is excessive, inadequate, or unfairly
25 discriminatory; requiring that a rating organization
26 provide notice to the office of any changes to loss
27 cost for certain types of insurance within a specified
28 period after such change; providing requirements for
29 such notification; requiring that a rating

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30 organization maintain certain information; providing
31 that such information is subject to examination by the
32 office; requiring that specified rate factors and
33 standards be used in such examination; authorizing the
34 office, when reviewing a rate, to require that an
35 insurer provide certain information at the insurer's
36 expense; amending s. 627.0651, F.S.; exempting
37 commercial motor vehicle insurance from certain motor
38 vehicle insurance rate requirements; prohibiting
39 certain insurance rates from being excessive,
40 inadequate, or unfairly discriminatory; requiring that
41 insurers or rating organizations establish and use
42 rates, rating schedules, or rating manuals allowing
43 for a reasonable rate of return on certain insurance
44 and risks; requiring that an insurer notify the office
45 of any changes to rates for certain insurance and
46 risks; requiring that such notice contain certain
47 information; requiring that an insurer maintain
48 certain information; providing that such information
49 is subject to examination by the office; requiring
50 that the office consider certain rate factors and
51 standards when examining such information for the
52 purpose of determining whether the rate is excessive,
53 inadequate, or unfairly discriminatory; requiring that
54 a rating organization provide notice to the office of
55 any changes to loss cost for certain types of
56 insurance within a specified period after such change;
57 providing requirements for such notification;
58 requiring that a rating organization maintain certain

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59 information; providing that such information is
60 subject to examination by the office; requiring that
61 specified rate factors and standards be used in such
62 examination; authorizing the office, when reviewing a
63 rate, to require that an insurer provide certain
64 information at the insurer's expense; providing an
65 effective date.

66
67 Be It Enacted by the Legislature of the State of Florida:

68
69 Section 1. Section 624.46223, Florida Statutes, is created
70 to read:

71 624.46223 Notice of intent to withdraw.—An association,
72 fund, or pool authorized under Florida law and created for the
73 purpose of forming or managing a risk management mechanism or
74 providing self-insurance for a public entity in this state may
75 not require its members, as a prerequisite for withdrawing from
76 the association, fund, or pool, to give more than 45 days'
77 notice of the member's intention to withdraw from the
78 association, fund, or pool.

79 Section 2. Paragraph (d) is added to subsection (3) of
80 section 627.062, Florida Statutes, to read:

81 627.062 Rate standards.—

82 (3)

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

86 a. Excess or umbrella.

87 b. Surety and fidelity.

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88 c. Boiler and machinery and leakage and fire extinguishing
89 equipment.

90 d. Errors and omissions.

91 e. Directors and officers, employment practices, and
92 management liability.

93 f. Intellectual property and patent infringement liability.

94 g. Advertising injury and Internet liability insurance.

95 h. Property risks rated under a highly protected risks
96 rating plan.

97 i. Any other commercial lines categories or kinds of
98 insurance or types of commercial lines risks that the office
99 determines should not be subject to paragraph (2) (a) or
100 paragraph (2) (f) because of the existence of a competitive
101 market for such insurance, similarity of such insurance to other
102 categories or kinds of insurance not subject to paragraph (2) (a)
103 or paragraph (2) (f), or to improve the general operational
104 efficiency of the office.

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

109 3. An insurer must notify the office of any changes to
110 rates for insurance and risks described in subparagraph 1. no
111 later than 30 days after the effective date of the change. The
112 notice must include the name of the insurer, the type or kind of
113 insurance subject to rate change, total premium written during
114 the immediately preceding year by the insurer for the type or
115 kind of insurance subject to the rate change, and the average
116 statewide percentage change in rates. Underwriting files,

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117 premiums, losses, and expense statistics with regard to
118 insurance and risks described in subparagraph 1. written by an
119 insurer shall be maintained by the insurer and subject to
120 examination by the office. Upon examination, the office shall,
121 in accordance with generally accepted and reasonable actuarial
122 techniques, consider the rate factors in paragraphs (2) (b), (c),
123 and (d) and the standards in paragraph (2) (e) to determine if
124 the rate is excessive, inadequate, or unfairly discriminatory.

125 4. A rating organization must notify the office of any
126 changes to loss cost for insurance and risks described in
127 subparagraph 1. no later than 30 days after the effective date
128 of the change. The notice must include the name of the rating
129 organization, the type or kind of insurance subject to a loss
130 cost change, loss costs during the immediately preceding year
131 for the type or kind of insurance subject to the loss cost
132 change, and the average statewide percentage change in loss
133 cost. Loss and exposure statistics with regard to risks
134 applicable to loss costs for a rating organization not subject
135 to paragraph (2) (a) or paragraph (2) (f) shall be maintained by
136 the rating organization and are subject to examination by the
137 office. Upon examination, the office shall, in accordance with
138 generally accepted and reasonable actuarial techniques, consider
139 the rate factors in paragraphs (2) (b)-(d) and the standards in
140 paragraph (2) (e) to determine if the rate is excessive,
141 inadequate, or unfairly discriminatory.

142 5. In reviewing a rate, the office may require the insurer
143 to provide at the insurer's expense all information necessary to
144 evaluate the condition of the company and the reasonableness of
145 the rate according to the applicable criteria described in this

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146 section.

147 Section 3. Subsection (14) is added to section 627.0651,
148 Florida Statutes, to read:

149 627.0651 Making and use of rates for motor vehicle
150 insurance.—

151 (14) (a) Commercial motor vehicle insurance covering a fleet
152 of 20 or more self-propelled vehicles is not subject to
153 subsection (1), subsection (2), or subsection (9) or s.
154 627.0645.

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

157 (c) Insurers shall establish and use rates, rating
158 schedules, or rating manuals to allow the insurer a reasonable
159 rate of return on commercial motor vehicle insurance written in
160 this state covering a fleet of 20 or more self-propelled
161 vehicles.

162 (d) An insurer must notify the office of any changes to
163 rates for type of insurance described in this subsection no
164 later than 30 days after the effective date of the change. The
165 notice shall include the name of the insurer, the type or kind
166 of insurance subject to rate change, total premium written
167 during the immediately preceding year by the insurer for the
168 type or kind of insurance subject to the rate change, and the
169 average statewide percentage change in rates. Underwriting
170 files, premiums, losses, and expense statistics for the type of
171 insurance described in this subsection shall be maintained by
172 the insurer and subject to examination by the office. Upon
173 examination, the office shall, in accordance with generally
174 accepted and reasonable actuarial techniques, consider the

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175 factors in paragraphs (2) (a)-(1) and apply subsections (3)-(8)
176 to determine if the rate is excessive, inadequate, or unfairly
177 discriminatory.

178 (e) A rating organization must notify the office of any
179 changes to loss cost for the type of insurance described in this
180 subsection no later than 30 days after the effective date of the
181 change. The notice shall include the name of the rating
182 organization, the type or kind of insurance subject to a loss
183 cost change, loss costs during the immediately preceding year
184 for the type or kind of insurance subject to the loss cost
185 change, and the average statewide percentage change in loss
186 cost. Loss and exposure statistics with regard to risks
187 applicable to loss costs for a rating organization not subject
188 to subsection (1), subsection (2), or subsection (9) shall be
189 maintained by the rating organization and are subject to
190 examination by the office. Upon examination, the office shall,
191 in accordance with generally accepted and reasonable actuarial
192 techniques, consider the rate factors in paragraphs (2) (a)-(1)
193 and apply subsections (3)-(8) to determine if the rate is
194 excessive, inadequate, or unfairly discriminatory.

195 (f) In reviewing the rate, the office may require the
196 insurer to provide at the insurer's expense all information
197 necessary to evaluate the condition of the company and the
198 reasonableness of the rate according to the applicable criteria
199 described herein.

200 Section 4. This act shall take effect January 1, 2011.