

ENROLLED  
 HB 7217

2010 Legislature

1                                   A bill to be entitled  
 2           An act relating to Florida Hurricane Catastrophe Fund  
 3           emergency assessments; amending s. 215.555, F.S.; delaying  
 4           the repeal of an exemption from certain emergency  
 5           assessments provided for medical malpractice insurance  
 6           premiums and the subjection of such premiums to emergency  
 7           assessments; providing an effective date.

8  
 9   Be It Enacted by the Legislature of the State of Florida:

10  
 11           Section 1. Paragraph (b) of subsection (6) of section  
 12   215.555, Florida Statutes, is amended to read:

13           215.555 Florida Hurricane Catastrophe Fund.—

14           (6) REVENUE BONDS.—

15           (b) Emergency assessments.—

16           1. If the board determines that the amount of revenue  
 17   produced under subsection (5) is insufficient to fund the  
 18   obligations, costs, and expenses of the fund and the  
 19   corporation, including repayment of revenue bonds and that  
 20   portion of the debt service coverage not met by reimbursement  
 21   premiums, the board shall direct the Office of Insurance  
 22   Regulation to levy, by order, an emergency assessment on direct  
 23   premiums for all property and casualty lines of business in this  
 24   state, including property and casualty business of surplus lines  
 25   insurers regulated under part VIII of chapter 626, but not  
 26   including any workers' compensation premiums or medical  
 27   malpractice premiums. As used in this subsection, the term  
 28   "property and casualty business" includes all lines of business

ENROLLED  
HB 7217

2010 Legislature

29 identified on Form 2, Exhibit of Premiums and Losses, in the  
30 annual statement required of authorized insurers by s. 624.424  
31 and any rule adopted under this section, except for those lines  
32 identified as accident and health insurance and except for  
33 policies written under the National Flood Insurance Program. The  
34 assessment shall be specified as a percentage of direct written  
35 premium and is subject to annual adjustments by the board in  
36 order to meet debt obligations. The same percentage shall apply  
37 to all policies in lines of business subject to the assessment  
38 issued or renewed during the 12-month period beginning on the  
39 effective date of the assessment.

40 2. A premium is not subject to an annual assessment under  
41 this paragraph in excess of 6 percent of premium with respect to  
42 obligations arising out of losses attributable to any one  
43 contract year, and a premium is not subject to an aggregate  
44 annual assessment under this paragraph in excess of 10 percent  
45 of premium. An annual assessment under this paragraph shall  
46 continue as long as the revenue bonds issued with respect to  
47 which the assessment was imposed are outstanding, including any  
48 bonds the proceeds of which were used to refund the revenue  
49 bonds, unless adequate provision has been made for the payment  
50 of the bonds under the documents authorizing issuance of the  
51 bonds.

52 3. Emergency assessments shall be collected from  
53 policyholders. Emergency assessments shall be remitted by  
54 insurers as a percentage of direct written premium for the  
55 preceding calendar quarter as specified in the order from the  
56 Office of Insurance Regulation. The office shall verify the

ENROLLED  
HB 7217

2010 Legislature

57 accurate and timely collection and remittance of emergency  
58 assessments and shall report the information to the board in a  
59 form and at a time specified by the board. Each insurer  
60 collecting assessments shall provide the information with  
61 respect to premiums and collections as may be required by the  
62 office to enable the office to monitor and verify compliance  
63 with this paragraph.

64 4. With respect to assessments of surplus lines premiums,  
65 each surplus lines agent shall collect the assessment at the  
66 same time as the agent collects the surplus lines tax required  
67 by s. 626.932, and the surplus lines agent shall remit the  
68 assessment to the Florida Surplus Lines Service Office created  
69 by s. 626.921 at the same time as the agent remits the surplus  
70 lines tax to the Florida Surplus Lines Service Office. The  
71 emergency assessment on each insured procuring coverage and  
72 filing under s. 626.938 shall be remitted by the insured to the  
73 Florida Surplus Lines Service Office at the time the insured  
74 pays the surplus lines tax to the Florida Surplus Lines Service  
75 Office. The Florida Surplus Lines Service Office shall remit the  
76 collected assessments to the fund or corporation as provided in  
77 the order levied by the Office of Insurance Regulation. The  
78 Florida Surplus Lines Service Office shall verify the proper  
79 application of such emergency assessments and shall assist the  
80 board in ensuring the accurate and timely collection and  
81 remittance of assessments as required by the board. The Florida  
82 Surplus Lines Service Office shall annually calculate the  
83 aggregate written premium on property and casualty business,  
84 other than workers' compensation and medical malpractice,

ENROLLED  
HB 7217

2010 Legislature

85 procured through surplus lines agents and insureds procuring  
86 coverage and filing under s. 626.938 and shall report the  
87 information to the board in a form and at a time specified by  
88 the board.

89 5. Any assessment authority not used for a particular  
90 contract year may be used for a subsequent contract year. If,  
91 for a subsequent contract year, the board determines that the  
92 amount of revenue produced under subsection (5) is insufficient  
93 to fund the obligations, costs, and expenses of the fund and the  
94 corporation, including repayment of revenue bonds and that  
95 portion of the debt service coverage not met by reimbursement  
96 premiums, the board shall direct the Office of Insurance  
97 Regulation to levy an emergency assessment up to an amount not  
98 exceeding the amount of unused assessment authority from a  
99 previous contract year or years, plus an additional 4 percent  
100 provided that the assessments in the aggregate do not exceed the  
101 limits specified in subparagraph 2.

102 6. The assessments otherwise payable to the corporation  
103 under this paragraph shall be paid to the fund unless and until  
104 the Office of Insurance Regulation and the Florida Surplus Lines  
105 Service Office have received from the corporation and the fund a  
106 notice, which shall be conclusive and upon which they may rely  
107 without further inquiry, that the corporation has issued bonds  
108 and the fund has no agreements in effect with local governments  
109 under paragraph (c). On or after the date of the notice and  
110 until the date the corporation has no bonds outstanding, the  
111 fund shall have no right, title, or interest in or to the  
112 assessments, except as provided in the fund's agreement with the

ENROLLED  
HB 7217

2010 Legislature

113 corporation.

114 7. Emergency assessments are not premium and are not  
115 subject to the premium tax, to the surplus lines tax, to any  
116 fees, or to any commissions. An insurer is liable for all  
117 assessments that it collects and must treat the failure of an  
118 insured to pay an assessment as a failure to pay the premium. An  
119 insurer is not liable for uncollectible assessments.

120 8. When an insurer is required to return an unearned  
121 premium, it shall also return any collected assessment  
122 attributable to the unearned premium. A credit adjustment to the  
123 collected assessment may be made by the insurer with regard to  
124 future remittances that are payable to the fund or corporation,  
125 but the insurer is not entitled to a refund.

126 9. When a surplus lines insured or an insured who has  
127 procured coverage and filed under s. 626.938 is entitled to the  
128 return of an unearned premium, the Florida Surplus Lines Service  
129 Office shall provide a credit or refund to the agent or such  
130 insured for the collected assessment attributable to the  
131 unearned premium prior to remitting the emergency assessment  
132 collected to the fund or corporation.

133 10. The exemption of medical malpractice insurance  
134 premiums from emergency assessments under this paragraph is  
135 repealed May 31, 2013 ~~2010~~, and medical malpractice insurance  
136 premiums shall be subject to emergency assessments attributable  
137 to loss events occurring in the contract years commencing on  
138 June 1, 2013 ~~2010~~.

139 Section 2. This act shall take effect upon becoming a law.