

1 A bill to be entitled
2 An act relating to commercial insurance rates; amending s.
3 627.062, F.S.; exempting additional categories or kinds of
4 insurance and types of commercial lines risks from being
5 subject to certain otherwise applicable rate filing
6 requirements; deleting a requirement that an insurer's
7 rate change notice include total premium written for an
8 exempt class of insurance; removing a requirement that
9 specified types of records and information related to a
10 rate change be retained by an insurer; requiring actuarial
11 data regarding a rate change for an exempt class of
12 insurance be retained by an insurer for a specified time;
13 removing a requirement that a rating organization maintain
14 certain statistics related to changes to loss cost for
15 exempt classes of insurance; requiring certain actuarial
16 data related to loss cost be retained by a rating
17 organization for a specified time; deleting authority for
18 the Office of Insurance Regulation to require all
19 necessary information from an insurer in order to evaluate
20 a rate change; amending s. 627.0651, F.S.; expanding an
21 exemption from certain otherwise applicable rate filing
22 requirements to include all commercial motor vehicle
23 insurance; deleting a requirement that a commercial motor
24 vehicle insurer's rate change notice include total premium
25 written; removing a requirement that specified types of
26 records and information related to a commercial motor
27 vehicle insurance rate change be retained by an insurer;
28 requiring actuarial data regarding a commercial motor

29 | vehicle insurance rate change be retained by an insurer
 30 | for a specified time; removing a requirement that a rating
 31 | organization maintain certain statistics related to
 32 | changes to loss cost for commercial motor vehicle
 33 | insurance; requiring actuarial data related to loss cost
 34 | for commercial motor vehicle insurance be retained by a
 35 | rating organization for a specified time; deleting
 36 | authority for the Office of Insurance Regulation to
 37 | require all necessary information from an commercial motor
 38 | vehicle insurer in order to evaluate a rate change;
 39 | providing an effective date.

40 |

41 | Be It Enacted by the Legislature of the State of Florida:

42 |

43 | Section 1. Paragraph (d) of subsection (3) of section
 44 | 627.062, Florida Statutes, is amended to read:

45 | 627.062 Rate standards.—

46 | (3)

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

50 | a. Excess or umbrella.

51 | b. Surety and fidelity.

52 | c. Boiler and machinery and leakage and fire extinguishing
 53 | equipment.

54 | d. Errors and omissions professional liability.

55 | e. Directors and officers, employment practices, fiduciary
 56 | liability, and other management liability.

57 | f. Intellectual property and patent infringement
 58 | liability.

59 | g. Advertising injury and Internet liability insurance.

60 | h. Property risks rated under a highly protected risks
 61 | rating plan.

62 | i. General liability.

63 | j. Nonresidential property.

64 | k. Nonresidential multiperil.

65 | l. Excess property.

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

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

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

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85 | statewide percentage change in rates. Actuarial data
86 | ~~Underwriting files, premiums, losses, and expense statistics~~
87 | with regard to rates for insurance and risks described in
88 | subparagraph 1. written by an insurer shall be maintained by the
89 | insurer for 2 years after the effective date of changes to those
90 | rates and are subject to examination by the office. Upon
91 | examination, the office shall, in accordance with generally
92 | accepted and reasonable actuarial techniques, consider the rate
93 | factors in paragraphs (2) (b), (c), and (d) and the standards in
94 | paragraph (2) (e) to determine if the rate is excessive,
95 | inadequate, or unfairly discriminatory.

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

113 is excessive, 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 described in this~~
 118 ~~section.~~

119 Section 2. Subsection (14) of section 627.0651, Florida
 120 Statutes, is amended 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 20 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 insurance described in this subsection
 128 may not be excessive, inadequate, or unfairly discriminatory.

129 (c) Insurers shall establish and use rates, rating
 130 schedules, or rating manuals to allow the insurer a reasonable
 131 rate of return on commercial motor vehicle insurance written in
 132 this state ~~covering a fleet of 20 or more self-propelled~~
 133 ~~vehicles.~~

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

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

152 (e) A rating organization must notify the office of any
153 changes to loss cost for the type of insurance described in this
154 subsection no later than 30 days after the effective date of the
155 change. The notice shall include the name of the rating
156 organization, the type or kind of insurance subject to a loss
157 cost change, loss costs during the immediately preceding year
158 for the type or kind of insurance subject to the loss cost
159 change, and the average statewide percentage change in loss
160 cost. Actuarial data ~~Loss and exposure statistics~~ with regard to
161 changes to loss cost for risks ~~applicable to loss costs for a~~
162 ~~rating organization~~ not subject to subsection (1), subsection
163 (2), or subsection (9) shall be maintained by the rating
164 organization for 2 years after the effective date of the change
165 and are subject to examination by the office. Upon examination,
166 the office shall, in accordance with generally accepted and
167 reasonable actuarial techniques, consider the rate factors in
168 paragraphs (2) (a)-(1) and apply subsections (3)-(8) to determine

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169 | if the rate is excessive, inadequate, or unfairly
170 | discriminatory.

171 | ~~(f) In reviewing the rate, the office may require the~~
172 | ~~insurer to provide at the insurer's expense all information~~
173 | ~~necessary to evaluate the condition of the company and the~~
174 | ~~reasonableness of the rate according to the applicable criteria~~
175 | ~~described herein.~~

176 | Section 3. This act shall take effect October 1, 2011.