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CS/CS/HB 99

2011 Legislature

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 requiring the insurer to incur examination expenses;
14 removing a requirement that a rating organization maintain
15 certain statistics related to changes to loss cost for
16 exempt classes of insurance; requiring certain actuarial
17 data related to loss cost be retained by a rating
18 organization for a specified time; requiring a rating
19 organization to incur examination expenses; deleting
20 authority for the Office of Insurance Regulation to
21 require all necessary information from an insurer in order
22 to evaluate a rate change; amending s. 627.0651, F.S.;
23 expanding an exemption from certain otherwise applicable
24 rate filing requirements to include all commercial motor
25 vehicle insurance; deleting a requirement that a
26 commercial motor vehicle insurer's rate change notice
27 include total premium written; removing a requirement that
28 specified types of records and information related to a

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

46
 47 Be It Enacted by the Legislature of the State of Florida:

48
 49 Section 1. Paragraph (d) of subsection (3) of section
 50 627.062, Florida Statutes, is amended 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.

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- 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, fiduciary
62 liability, and 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. General liability.
- 69 j. Nonresidential property, except for collateral
70 protection insurance as defined in s. 624.6085.
- 71 k. Nonresidential multiperil.
- 72 l. Excess property.
- 73 m. Burglary and theft.
- 74 n.~~4.~~ Any other commercial lines categories or kinds of
75 insurance or types of commercial lines risks that the office
76 determines should not be subject to paragraph (2)(a) or
77 paragraph (2)(f) because of the existence of a competitive
78 market for such insurance, similarity of such insurance to other
79 categories or kinds of insurance not subject to paragraph (2)(a)
80 or paragraph (2)(f), or to improve the general operational
81 efficiency of the office.
- 82 2. Insurers or rating organizations shall establish and
83 use rates, rating schedules, or rating manuals to allow the
84 insurer a reasonable rate of return on insurance and risks

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85 described in subparagraph 1. which are written in this state.

86 3. An insurer must notify the office of any changes to
87 rates for insurance and risks described in subparagraph 1. no
88 later than 30 days after the effective date of the change. The
89 notice must include the name of the insurer, the type or kind of
90 insurance subject to rate change, ~~total premium written during~~
91 ~~the immediately preceding year by the insurer for the type or~~
92 ~~kind of insurance subject to the rate change,~~ and the average
93 statewide percentage change in rates. Actuarial data
94 ~~Underwriting files, premiums, losses, and expense statistics~~
95 with regard to rates for insurance and risks described in
96 subparagraph 1. written by an insurer shall be maintained by the
97 insurer for 2 years after the effective date of changes to those
98 rates and are subject to examination by the office. The office
99 may require the insurer to incur the costs associated with an
100 examination. Upon examination, the office shall, in accordance
101 with generally accepted and reasonable actuarial techniques,
102 consider the rate factors in paragraphs (2)(b), (c), and (d) and
103 the standards in paragraph (2)(e) to determine if the rate is
104 excessive, inadequate, or unfairly discriminatory.

105 4. A rating organization must notify the office of any
106 changes to loss cost for insurance and risks described in
107 subparagraph 1. no later than 30 days after the effective date
108 of the change. The notice must include the name of the rating
109 organization, the type or kind of insurance subject to a loss
110 cost change, loss costs during the immediately preceding year
111 for the type or kind of insurance subject to the loss cost
112 change, and the average statewide percentage change in loss

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113 | cost. Actuarial data ~~loss and exposure statistics~~ with regard to
 114 | changes to loss cost for risks applicable to loss costs for a
 115 | ~~rating organization~~ not subject to paragraph (2) (a) or paragraph
 116 | (2) (f) shall be maintained by the rating organization for 2
 117 | years after the effective date of the change and are subject to
 118 | examination by the office. The office may require the rating
 119 | organization to incur the costs associated with an examination.
 120 | Upon examination, the office shall, in accordance with generally
 121 | accepted and reasonable actuarial techniques, consider the rate
 122 | factors in paragraphs (2) (b)-(d) and the standards in paragraph
 123 | (2) (e) to determine if the rate is excessive, inadequate, or
 124 | unfairly discriminatory.

125 | ~~5. In reviewing a rate, the office may require the insurer~~
 126 | ~~to provide at the insurer's expense all information necessary to~~
 127 | ~~evaluate the condition of the company and the reasonableness of~~
 128 | ~~the rate according to the applicable criteria described in this~~
 129 | ~~section.~~

130 | Section 2. Subsection (14) of section 627.0651, Florida
 131 | Statutes, is amended to read:

132 | 627.0651 Making and use of rates for motor vehicle
 133 | insurance.—

134 | (14) (a) Commercial motor vehicle insurance ~~covering a~~
 135 | ~~fleet of 20 or more self-propelled vehicles~~ is not subject to
 136 | subsection (1), subsection (2), or subsection (9) or s.
 137 | 627.0645.

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

140 | (c) Insurers shall establish and use rates, rating

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141 | schedules, or rating manuals to allow the insurer a reasonable
142 | rate of return on commercial motor vehicle insurance written in
143 | this state ~~covering a fleet of 20 or more self-propelled~~
144 | ~~vehicles.~~

145 | (d) An insurer must notify the office of any changes to
146 | rates for type of insurance described in this subsection no
147 | later than 30 days after the effective date of the change. The
148 | notice shall include the name of the insurer, the type or kind
149 | of insurance subject to rate change, ~~total premium written~~
150 | ~~during the immediately preceding year by the insurer for the~~
151 | ~~type or kind of insurance subject to the rate change,~~ and the
152 | average statewide percentage change in rates. Actuarial data
153 | with regard to rates for risks ~~Underwriting files, premiums,~~
154 | ~~losses, and expense statistics for the type of insurance~~
155 | described in this subsection shall be maintained by the insurer
156 | for 2 years after the effective date of changes to those rates
157 | and are subject to examination by the office. The office may
158 | require the insurer to incur the costs associated with an
159 | examination. Upon examination, the office shall, in accordance
160 | with generally accepted and reasonable actuarial techniques,
161 | consider the factors in paragraphs (2)(a)-(1) and apply
162 | subsections (3)-(8) to determine if the rate is excessive,
163 | inadequate, or unfairly discriminatory.

164 | (e) A rating organization must notify the office of any
165 | changes to loss cost for the type of insurance described in this
166 | subsection no later than 30 days after the effective date of the
167 | change. The notice shall include the name of the rating
168 | organization, the type or kind of insurance subject to a loss

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169 cost change, loss costs during the immediately preceding year
 170 for the type or kind of insurance subject to the loss cost
 171 change, and the average statewide percentage change in loss
 172 cost. Actuarial data ~~loss and exposure statistics~~ with regard to
 173 changes to loss cost for risks applicable to loss costs for a
 174 ~~rating organization~~ not subject to subsection (1), subsection
 175 (2), or subsection (9) shall be maintained by the rating
 176 organization for 2 years after the effective date of the change
 177 and are subject to examination by the office. The office may
 178 require the rating organization to incur the costs associated
 179 with an examination. Upon examination, the office shall, in
 180 accordance with generally accepted and reasonable actuarial
 181 techniques, consider the rate factors in paragraphs (2)(a)-(1)
 182 and apply subsections (3)-(8) to determine if the rate is
 183 excessive, inadequate, or unfairly discriminatory.

184 ~~(f) In reviewing the rate, the office may require the~~
 185 ~~insurer to provide at the insurer's expense all information~~
 186 ~~necessary to evaluate the condition of the company and the~~
 187 ~~reasonableness of the rate according to the applicable criteria~~
 188 ~~described herein.~~

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