

Amendment No. 6

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u>    </u>	(Y/N)
ADOPTED AS AMENDED	<u>    </u>	(Y/N)
ADOPTED W/O OBJECTION	<u>    </u>	(Y/N)
FAILED TO ADOPT	<u>    </u>	(Y/N)
WITHDRAWN	<u>    </u>	(Y/N)
OTHER	<u>    </u>	

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1 Committee/Subcommittee hearing bill: Commerce Committee  
 2 Representative Shaw offered the following:

**Amendment (with title amendment)**

Between lines 847 and 848, insert:

Section 11. Subsection (10) of section 624.482, Florida Statutes, is amended to read:

624.482 Making and use of rates.—

(10) Any self-insurance fund that writes workers' compensation insurance and employer's liability insurance is subject to, and shall make all rate filings for workers' compensation insurance and employer's liability insurance in accordance with, ss. 627.091, 627.101, 627.111, 627.141, 627.151, 627.171, and 627.191, ~~and 627.211.~~

Section 12. Subsections (3), (4), and (6) of section 627.041, Florida Statutes, are amended to read:

Amendment No. 6

17 627.041 Definitions.—As used in this part:

18 (3) "Rating organization" means every person, other than  
19 an authorized insurer, whether located within or outside this  
20 state, who has as his or her object or purpose the making of  
21 prospective loss costs, rates, rating plans, or rating systems.  
22 Two or more authorized insurers that act in concert for the  
23 purpose of making prospective loss costs, rates, rating plans,  
24 or rating systems, and that do not operate within the specific  
25 authorizations contained in ss. 627.311, 627.314(2), (4), and  
26 627.351, shall be deemed to be a rating organization. No single  
27 insurer shall be deemed to be a rating organization.

28 (4) "Advisory organization" means every group,  
29 association, or other organization of insurers, whether located  
30 within or outside this state, which prepares policy forms or  
31 makes underwriting rules incident to but not including the  
32 making of prospective loss costs, rates, rating plans, or rating  
33 systems or which collects and furnishes to authorized insurers  
34 or rating organizations loss or expense statistics or other  
35 statistical information and data and acts in an advisory, as  
36 distinguished from a ratemaking, capacity.

37 (6) "Subscriber" means an insurer which is furnished at  
38 its request:

39 (a) With prospective loss costs, rates, and rating manuals  
40 by a rating organization of which it is not a member; or

41 (b) With advisory services by an advisory organization of

Amendment No. 6

42 | which it is not a member.

43 |       Section 13. Subsection (1) of section 627.0612, Florida  
44 | Statutes, is amended to read:

45 |       627.0612 Administrative proceedings in rating  
46 | determinations.—

47 |       (1) In any proceeding to determine whether prospective  
48 | loss costs, rates, rating plans, or other matters governed by  
49 | this part comply with the law, the appellate court shall set  
50 | aside a final order of the office if the office has violated s.  
51 | 120.57(1)(k) by substituting its findings of fact for findings  
52 | of an administrative law judge which were supported by competent  
53 | substantial evidence.

54 |       Section 14. Paragraph (a) of subsection (2) of section  
55 | 627.062, Florida Statutes, is amended to read:

56 |       627.062 Rate standards.—

57 |       (2) As to all such classes of insurance:

58 |       (a) Insurers or rating organizations shall establish and  
59 | use prospective loss costs, rates, rating schedules, or rating  
60 | manuals that allow the insurer a reasonable rate of return on  
61 | the classes of insurance written in this state. A copy of  
62 | prospective loss costs, rates, rating schedules, rating manuals,  
63 | premium credits or discount schedules, and surcharge schedules,  
64 | and changes thereto, must be filed with the office under one of  
65 | the following procedures:

66 |       1. If the filing is made at least 90 days before the

Amendment No. 6

67 proposed effective date and is not implemented during the  
68 office's review of the filing and any proceeding and judicial  
69 review, such filing is considered a "file and use" filing. In  
70 such case, the office shall finalize its review by issuance of a  
71 notice of intent to approve or a notice of intent to disapprove  
72 within 90 days after receipt of the filing. The notice of intent  
73 to approve and the notice of intent to disapprove constitute  
74 agency action for purposes of the Administrative Procedure Act.  
75 Requests for supporting information, requests for mathematical  
76 or mechanical corrections, or notification to the insurer by the  
77 office of its preliminary findings does not toll the 90-day  
78 period during any such proceedings and subsequent judicial  
79 review. The rate shall be deemed approved if the office does not  
80 issue a notice of intent to approve or a notice of intent to  
81 disapprove within 90 days after receipt of the filing.

82 2. If the filing is not made in accordance with  
83 subparagraph 1., such filing must be made as soon as  
84 practicable, but within 30 days after the effective date, and is  
85 considered a "use and file" filing. An insurer making a "use and  
86 file" filing is potentially subject to an order by the office to  
87 return to policyholders those portions of rates found to be  
88 excessive, as provided in paragraph (h).

89 3. For all property insurance filings made or submitted  
90 after January 25, 2007, but before May 1, 2012, an insurer  
91 seeking a rate that is greater than the rate most recently

Amendment No. 6

92 approved by the office shall make a "file and use" filing. For  
93 purposes of this subparagraph, motor vehicle collision and  
94 comprehensive coverages are not considered property coverages.  
95

96 The provisions of this subsection do not apply to workers'  
97 compensation, employer's liability insurance, and motor vehicle  
98 insurance.

99 Section 15. Subsection (5) of section 627.072, Florida  
100 Statutes, is amended to read:

101 627.072 Making and use of rates.-

102 ~~(5) (a) In the case of workers' compensation and employer's~~  
103 ~~liability insurance, the office shall consider utilizing the~~  
104 ~~following methodology in rate determinations: Premiums,~~  
105 ~~expenses, and expected claim costs would be discounted to a~~  
106 ~~common point of time, such as the initial point of a policy~~  
107 ~~year, in the determination of rates; the cash-flow pattern of~~  
108 ~~premiums, expenses, and claim costs would be determined~~  
109 ~~initially by using data from 8 to 10 of the largest insurers~~  
110 ~~writing workers' compensation insurance in the state; such~~  
111 ~~insurers may be selected for their statistical ability to report~~  
112 ~~the data on an accident-year basis and in accordance with~~  
113 ~~subparagraphs (b)1., 2., and 3., for at least 2 1/2 years; such~~  
114 ~~a cash-flow pattern would be modified when necessary in~~  
115 ~~accordance with the data and whenever a radical change in the~~  
116 ~~payout pattern is expected in the policy year under~~

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM

Amendment No. 6

117 ~~consideration.~~

118 ~~(b) If the methodology set forth in paragraph (a) is~~  
 119 ~~utilized, to facilitate the determination of such a cash-flow~~  
 120 ~~pattern methodology:~~

121 ~~1. Each insurer shall include in its statistical reporting~~  
 122 ~~to the rating bureau and the office the accident year by~~  
 123 ~~calendar quarter data for paid claim costs;~~

124 ~~2. Each insurer shall submit financial reports to the~~  
 125 ~~rating bureau and the office which shall include total incurred~~  
 126 ~~claim amounts and paid claim amounts by policy year and by~~  
 127 ~~injury types as of December 31 of each calendar year; and~~

128 ~~3. Each insurer shall submit to the rating bureau and the~~  
 129 ~~office paid premium data on an individual risk basis in which~~  
 130 ~~risks are to be subdivided by premium size as follows:~~

131

132 ~~Number of Risks in~~

<del>Premium Range</del>	<del>Standard Premium Size</del>
<del>...(to be filled in by carrier)...</del>	<del>\$300-999</del>
<del>...(to be filled in by carrier)...</del>	<del>1,000-4,999</del>
<del>...(to be filled in by carrier)...</del>	<del>5,000-49,999</del>
<del>...(to be filled in by carrier)...</del>	<del>50,000-99,999</del>
<del>...(to be filled in by carrier)...</del>	<del>100,000 or more</del>

140 ~~Total:~~

141 Section 16. Section 627.091, Florida Statutes, is amended

Amendment No. 6

142 to read:

143 627.091 Rate filings; workers' compensation and employer's  
144 liability insurances.-

145 (1) As used in this section, the term:

146 (a) "Expenses" means the portion of a rate which is  
147 attributable to acquisition, field supervision, collection  
148 expenses, taxes, assessments, and general expenses.

149 (b) "Loss cost modifier" means an adjustment to, or a  
150 deviation from, the approved prospective loss costs filed by a  
151 licensed rating organization.

152 (c) "Loss cost multiplier" means the profit and expense  
153 factor, expressed as a single nonintegral number to be applied  
154 to the prospective loss costs other than loss adjustment  
155 expenses, which is associated with writing workers' compensation  
156 and employer's liability insurance and which is approved by the  
157 office in making rates for each classification of risks used by  
158 that insurer.

159 (d) "Prospective loss costs" means the portion of a rate  
160 which reflects historical industry average aggregate losses and  
161 loss adjustment expenses projected through development to their  
162 ultimate value and through trending to a future point in time.  
163 The term does not include provisions for profit or expenses  
164 other than loss adjustment expense.

165 (2)-(1) As to workers' compensation and employer's  
166 liability insurances, every insurer shall file with the office

Amendment No. 6

167 every manual of classifications, rules, and rates, every rating  
168 plan, and every modification of any of the foregoing which it  
169 proposes to use. Each insurer shall independently and  
170 individually file with the office the final rates it proposes to  
171 use. An insurer may satisfy this filing requirement by adopting  
172 the office's approved loss costs and otherwise complying with  
173 this part. Each insurer shall file data in accordance with the  
174 uniform statistical plan approved by the office. Every filing  
175 under this subsection:

176 (a) Must state the proposed effective date and must be  
177 made at least 30 days before such proposed effective date;

178 (b) Must indicate the character and extent of the coverage  
179 contemplated;

180 (c) May use the approved prospective loss costs filed by a  
181 licensed rating organization in combination with the insurer's  
182 own approved loss cost multiplier and loss cost modifier;

183 (d) May include deductible provisions in its manual of  
184 classifications, rules, and rates. All deductibles must be in a  
185 form and manner that is consistent with the underlying purpose  
186 of chapter 440;

187 (e) May use variable or fixed expense loads or a  
188 combination thereof, and may vary the expense, profit, or  
189 contingency provisions by class or group of classes, if the  
190 insurer files supporting data justifying such variations; and

191 (f) May include a schedule of proposed premium discounts,



Amendment No. 6

192 credits, and surcharges. The office may not approve discounts,  
193 credits, and surcharges unless they are based on objective  
194 criteria that bear a reasonable relationship to the expected  
195 loss, expense, or profit experience of an individual  
196 policyholder or a class of policyholders ~~Every insurer is~~  
197 ~~authorized to include deductible provisions in its manual of~~  
198 ~~classifications, rules, and rates. Such deductibles shall in all~~  
199 ~~eases be in a form and manner which is consistent with the~~  
200 ~~underlying purpose of chapter 440.~~

201 ~~(3)(2) Every such filing shall state the proposed~~  
202 ~~effective date thereof, and shall indicate the character and~~  
203 ~~extent of the coverage contemplated. When a prospective loss~~  
204 ~~cost, loss cost multiplier, or loss cost modifier filing is not~~  
205 ~~accompanied by the information upon which the insurer or rating~~  
206 ~~organization supports the filing and the office does not have~~  
207 ~~sufficient information to determine whether the filing meets the~~  
208 ~~applicable requirements of this part, the office ~~it~~ shall within~~  
209 ~~15 days after the date of filing require the insurer or rating~~  
210 ~~organization to furnish the information upon which it supports~~  
211 ~~the filing. The information furnished in support of a filing may~~  
212 ~~include:~~

213 (a) The experience or judgment of the insurer or rating  
214 organization making the filing;

215 (b) The ~~its~~ interpretation of any statistical data which  
216 the insurer or rating organization making the filing ~~it~~ relies

Amendment No. 6

217 upon;

218 (c) The experience of other insurers or rating  
219 organizations; or

220 (d) Any other factors which the insurer or rating  
221 organization making the filing deems relevant.

222 ~~(4)(3)~~ A filing and any supporting information are ~~shall~~  
223 ~~be~~ open to public inspection as provided in s. 119.07(1).

224 ~~(4) An insurer may satisfy its obligation to make such~~  
225 ~~filings by becoming a member of, or a subscriber to, a licensed~~  
226 ~~rating organization which makes such filings and by authorizing~~  
227 ~~the office to accept such filings in its behalf; but nothing~~  
228 ~~contained in this chapter shall be construed as requiring any~~  
229 ~~insurer to become a member or a subscriber to any rating~~  
230 ~~organization.~~

231 (5) A licensed rating organization may develop and file  
232 for approval with the office reference filings containing  
233 prospective loss costs and the underlying loss data, and other  
234 supporting statistical and actuarial information. A rating  
235 organization may not develop or file final rates or multipliers  
236 for expenses, profit, or contingencies. After a loss cost  
237 reference filing is filed with the office and is approved, the  
238 rating organization must provide its member subscribers with a  
239 copy of the approved reference filing.

240 (6) A rating organization may file supplementary rating  
241 information that includes policywriting rules, rating plan

Amendment No. 6

242 classification codes and descriptions, experience modification  
243 plans, and rules that include factors or relativities, such as  
244 increased limits factors, classification relativities, or  
245 similar factors, but that exclude minimum premiums. An insurer  
246 may use supplementary rating information approved by the office.

247 (7)-(5) Pursuant to the provisions of s. 624.3161, the  
248 office may examine the underlying statistical data used in such  
249 filings.

250 (8)-(6) Whenever the committee of a recognized rating  
251 organization with authority to file prospective loss costs for  
252 use by insurers in determining ~~responsibility for~~ workers'  
253 compensation and employer's liability insurance rates in this  
254 state meets to discuss the necessity for, or a request for,  
255 Florida rate increases or decreases in prospective loss costs in  
256 this state, the determination of prospective loss costs in this  
257 state ~~Florida rates, the prospective loss costs rates~~ to be  
258 requested in this state, and any other matters pertaining  
259 specifically and directly to prospective loss costs in this  
260 state ~~such Florida rates, such meetings shall be held in this~~  
261 state and ~~are shall be~~ subject to s. 286.011. The committee of  
262 such a rating organization shall provide at least 3 weeks' prior  
263 notice of such meetings to the office and shall provide at least  
264 14 days' prior notice of such meetings to the public by  
265 publication in the Florida Administrative Register.

266 Section 17. Section 627.093, Florida Statutes, is amended

Amendment No. 6

267 to read:

268       627.093 Application of s. 286.011 to workers' compensation  
269 and employer's liability insurances.—Section 286.011 shall be  
270 applicable to every prospective loss cost and rate filing,  
271 approval or disapproval of filing, rating deviation from filing,  
272 or appeal from any of these regarding workers' compensation and  
273 employer's liability insurances.

274       Section 18. Subsection (1) of section 627.101, Florida  
275 Statutes, is amended to read:

276       627.101 When filing becomes effective; workers'  
277 compensation and employer's liability insurances.—

278       (1) The office shall review all required filings as to  
279 workers' compensation and employer's liability insurances as  
280 soon as reasonably possible after they have been made in order  
281 to determine whether they meet the applicable requirements of  
282 this part. If the office determines that part of a required rate  
283 filing does not meet the applicable requirements of this part,  
284 it may reject so much of the filing as does not meet these  
285 requirements, and approve the remainder of the filing.

286       Section 19. Section 627.211, Florida Statutes, is amended  
287 to read:

288       627.211 Annual report by the office on the workers'  
289 compensation insurance market Deviations; workers' compensation  
290 and employer's liability insurances.—

291       ~~(1) Every member or subscriber to a rating organization~~

Amendment No. 6

292 ~~shall, as to workers' compensation or employer's liability~~  
293 ~~insurance, adhere to the filings made on its behalf by such~~  
294 ~~organization; except that any such insurer may make written~~  
295 ~~application to the office for permission to file a uniform~~  
296 ~~percentage decrease or increase to be applied to the premiums~~  
297 ~~produced by the rating system so filed for a kind of insurance,~~  
298 ~~for a class of insurance which is found by the office to be a~~  
299 ~~proper rating unit for the application of such uniform~~  
300 ~~percentage decrease or increase, or for a subdivision of~~  
301 ~~workers' compensation or employer's liability insurance:~~

302 ~~(a) Comprised of a group of manual classifications which~~  
303 ~~is treated as a separate unit for ratemaking purposes; or~~

304 ~~(b) For which separate expense provisions are included in~~  
305 ~~the filings of the rating organization.~~

306  
307 ~~Such application shall specify the basis for the modification~~  
308 ~~and shall be accompanied by the data upon which the applicant~~  
309 ~~relies. A copy of the application and data shall be sent~~  
310 ~~simultaneously to the rating organization.~~

311 ~~(2) Every member or subscriber to a rating organization~~  
312 ~~may, as to workers' compensation and employer's liability~~  
313 ~~insurance, file a plan or plans to use deviations that vary~~  
314 ~~according to factors present in each insured's individual risk.~~  
315 ~~The insurer that files for the deviations provided in this~~  
316 ~~subsection shall file the qualifications for the plans,~~

Amendment No. 6

317 ~~schedules of rating factors, and the maximum deviation factors~~  
318 ~~which shall be subject to the approval of the office pursuant to~~  
319 ~~s. 627.091. The actual deviation which shall be used for each~~  
320 ~~insured that qualifies under this subsection may not exceed the~~  
321 ~~maximum filed deviation under that plan and shall be based on~~  
322 ~~the merits of each insured's individual risk as determined by~~  
323 ~~using schedules of rating factors which shall be applied~~  
324 ~~uniformly. Insurers shall maintain statistical data in~~  
325 ~~accordance with the schedule of rating factors. Such data shall~~  
326 ~~be available to support the continued use of such varying~~  
327 ~~deviations.~~

328 ~~(3) In considering an application for the deviation, the~~  
329 ~~office shall give consideration to the applicable principles for~~  
330 ~~ratemaking as set forth in ss. 627.062 and 627.072 and the~~  
331 ~~financial condition of the insurer. In evaluating the financial~~  
332 ~~condition of the insurer, the office may consider: (1) the~~  
333 ~~insurer's audited financial statements and whether the~~  
334 ~~statements provide unqualified opinions or contain significant~~  
335 ~~qualifications or "subject to" provisions; (2) any independent~~  
336 ~~or other actuarial certification of loss reserves; (3) whether~~  
337 ~~workers' compensation and employer's liability reserves are~~  
338 ~~above the midpoint or best estimate of the actuary's reserve~~  
339 ~~range estimate; (4) the adequacy of the proposed rate; (5)~~  
340 ~~historical experience demonstrating the profitability of the~~  
341 ~~insurer; (6) the existence of excess or other reinsurance that~~

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM

Amendment No. 6

342 ~~contains a sufficiently low attachment point and maximums that~~  
343 ~~provide adequate protection to the insurer; and (7) other~~  
344 ~~factors considered relevant to the financial condition of the~~  
345 ~~insurer by the office. The office shall approve the deviation if~~  
346 ~~it finds it to be justified, it would not endanger the financial~~  
347 ~~condition of the insurer, and it would not constitute predatory~~  
348 ~~pricing. The office shall disapprove the deviation if it finds~~  
349 ~~that the resulting premiums would be excessive, inadequate, or~~  
350 ~~unfairly discriminatory, would endanger the financial condition~~  
351 ~~of the insurer, or would result in predatory pricing. The~~  
352 ~~insurer may not use a deviation unless the deviation is~~  
353 ~~specifically approved by the office. An insurer may apply the~~  
354 ~~premiums approved pursuant to s. 627.091 or its uniform~~  
355 ~~deviation approved pursuant to this section to a particular~~  
356 ~~insured according to underwriting guidelines filed with and~~  
357 ~~approved by the office, such approval to be based on ss. 627.062~~  
358 ~~and 627.072.~~

359 ~~(4) Each deviation permitted to be filed shall be~~  
360 ~~effective for a period of 1 year unless terminated, extended, or~~  
361 ~~modified with the approval of the office. If at any time after a~~  
362 ~~deviation has been approved the office finds that the deviation~~  
363 ~~no longer meets the requirements of this code, it shall notify~~  
364 ~~the insurer in what respects it finds that the deviation fails~~  
365 ~~to meet such requirements and specify when, within a reasonable~~  
366 ~~period thereafter, the deviation shall be deemed no longer~~

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM

Amendment No. 6

367 ~~effective. The notice shall not affect any insurance contract or~~  
368 ~~policy made or issued prior to the expiration of the period set~~  
369 ~~forth in the notice.~~

370 ~~(5) For purposes of this section, the office, when~~  
371 ~~considering the experience of any insurer, shall consider the~~  
372 ~~experience of any predecessor insurer when the business and the~~  
373 ~~liabilities of the predecessor insurer were assumed by the~~  
374 ~~insurer pursuant to an order of the office which approves the~~  
375 ~~assumption of the business and the liabilities.~~

376 ~~(6)~~ The office shall submit an annual report to the  
377 President of the Senate and the Speaker of the House of  
378 Representatives by January 15 of each year which evaluates  
379 insurance company solvency and competition in the workers'  
380 compensation insurance market in this state. The report must  
381 contain an analysis of the availability and affordability of  
382 workers' compensation coverage and whether the current market  
383 structure, conduct, and performance are conducive to  
384 competition, based upon economic analysis and tests. The report  
385 must also contain an analysis of each insurer's capital compared  
386 to minimum risk-based capital. The purpose of this report is to  
387 aid the Legislature in determining whether changes to the  
388 workers' compensation rating laws are warranted. The report must  
389 also document that the office has complied with the provisions  
390 of s. 627.096 which require the office to investigate and study  
391 all workers' compensation insurers in the state and to study the



Amendment No. 6

392 data, statistics, schedules, or other information as it finds  
393 necessary to assist in its review of workers' compensation rate  
394 filings.

395 Section 20. Section 627.2151, Florida Statutes, is created  
396 to read:

397 627.2151 Workers' compensation excessive defense and cost  
398 containment expenses.-

399 (1) As used in this section, the term "defense and cost  
400 containment expenses" or "DCCE" includes the following Florida  
401 expenses of an insurer group or insurer writing workers'  
402 compensation insurance:

403 (a) Insurance company attorney fees;

404 (b) Expert witnesses;

405 (c) Medical examinations and autopsies;

406 (d) Medical fee review panels;

407 (e) Bill auditing;

408 (f) Treatment utilization reviews;

409 (g) Preferred provider network expenses; and

410 (h) Vocational rehabilitation.

411 (2) Each insurer group or insurer writing workers'  
412 compensation insurance shall file with the office a schedule of  
413 Florida defense and cost containment expenses and total Florida  
414 incurred losses for each of the 3 years before the most recent  
415 accident year. The DCCE and incurred losses must be valued as of  
416 December 31 of the first year following the latest accident year

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM

Amendment No. 6

417 to be reported, developed to an ultimate basis, and at two 12-  
418 month intervals thereafter, each developed to an ultimate basis,  
419 so that a total of three evaluations will be provided for each  
420 accident year. The first year reported shall be accident year  
421 2018, so that the reporting of 3 accident years under this  
422 evaluation will not take place until accident years 2019 and  
423 2020 have become available.

424 (3) Excessive DCCE occurs when the Florida defense and  
425 cost containment expenses for workers' compensation exceed 15  
426 percent of Florida workers' compensation incurred losses by the  
427 insurer or insurer group for the 3 most recent calendar years  
428 for which data is to be filed under this section.

429 (4) If the insurer or insurer group realizes excessive  
430 DCCE, the office must order a return of the excess amounts after  
431 affording the insurer or insurer group an opportunity for a  
432 hearing and otherwise complying with the requirements of chapter  
433 120. Excessive DCCE amounts must be returned in all instances  
434 unless the insurer or insurer group affirmatively demonstrates  
435 to the office that the refund of the excessive DCCE amounts will  
436 render a member of the insurer group financially impaired or  
437 will render it insolvent under provisions of the Florida  
438 Insurance Code.

439 (5) Any excess DCCE amount must be returned to  
440 policyholders in the form of a cash refund or credit toward the  
441 future purchase of insurance. The refund or credit must be made

Amendment No. 6

442 on a pro rata basis in relation to the final compilation year  
443 earned premiums to the policyholders of record of the insurer or  
444 insurer group on December 31 of the final compilation year. Cash  
445 refunds and data in required reports to the office may be  
446 rounded to the nearest dollar and must be consistently applied.

447 (6) (a) Refunds must be completed in one of the following  
448 ways:

449 1. A cash refund must be completed within 60 days after  
450 entry of a final order indicating that excessive DCCE has been  
451 realized.

452 2. A credit to renewal policies must be applied to policy  
453 renewal premium notices that are forwarded to insureds more than  
454 60 calendar days after entry of a final order indicating that  
455 excessive DCCE has been realized. If the insured thereafter  
456 cancels a policy or otherwise allows the policy to terminate,  
457 the insurer or insurer group must make a cash refund not later  
458 than 60 days after coverage termination.

459 (b) Upon completion of the renewal credits or refunds, the  
460 insurer or insurer group shall immediately certify having made  
461 the refunds to the office.

462 (7) Any refund or renewal credit made pursuant to this  
463 section is treated as a policyholder dividend applicable to the  
464 year immediately succeeding the compilation period giving rise  
465 to the refund or credit, for purposes of reporting under this  
466 section for subsequent years.

## Amendment No. 6

467 Section 21. Section 627.291, Florida Statutes, is amended  
468 to read:

469 627.291 Information to be furnished insureds; appeal by  
470 insureds; workers' compensation and employer's liability  
471 insurances.—

472 (1) As to workers' compensation and employer's liability  
473 insurances, every rating organization filing prospective loss  
474 costs and every insurer which makes its own rates shall, within  
475 a reasonable time after receiving written request therefor and  
476 upon payment of such reasonable charge as it may make, furnish  
477 to any insured affected by a rate made by it, or to the  
478 authorized representative of such insured, all pertinent  
479 information as to such rate.

480 (2) As to workers' compensation and employer's liability  
481 insurances, every rating organization filing prospective loss  
482 costs and every insurer which makes its own rates shall provide  
483 within this state reasonable means whereby any person aggrieved  
484 by the application of its rating system may be heard, in person  
485 or by his or her authorized representative, on his or her  
486 written request to review the manner in which such rating system  
487 has been applied in connection with the insurance afforded him  
488 or her. If the rating organization filing prospective loss costs  
489 or the insurer making its own rates fails to grant or rejects  
490 such request within 30 days after it is made, the applicant may  
491 proceed in the same manner as if his or her application had been

Amendment No. 6

492 rejected. Any party affected by the action of such rating  
493 organization filing prospective loss costs or insurer making its  
494 own rates on such request may, within 30 days after written  
495 notice of such action, appeal to the office, which may affirm or  
496 reverse such action.

497 Section 22. Section 627.318, Florida Statutes, is amended  
498 to read:

499 627.318 Records.—Every insurer, rating organization filing  
500 prospective loss costs, and advisory organization and every  
501 group, association, or other organization of insurers which  
502 engages in joint underwriting or joint reinsurance shall  
503 maintain reasonable records, of the type and kind reasonably  
504 adapted to its method of operation, of its experience or the  
505 experience of its members and of the data, statistics, or  
506 information collected or used by it in connection with the  
507 prospective loss costs, rates, rating plans, rating systems,  
508 underwriting rules, policy or bond forms, surveys, or  
509 inspections made or used by it, so that such records will be  
510 available at all reasonable times to enable the office to  
511 determine whether such organization, insurer, group, or  
512 association, and, in the case of an insurer or rating  
513 organization, every prospective loss cost, rate, rating plan,  
514 and rating system made or used by it, complies with the  
515 provisions of this part applicable to it. The maintenance of  
516 such records in the office of a licensed rating organization of

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM

Amendment No. 6

517 | which an insurer is a member or subscriber will be sufficient  
518 | compliance with this section for any such insurer maintaining  
519 | membership or subscribership in such organization, to the extent  
520 | that the insurer uses the prospective loss costs, rates, rating  
521 | plans, rating systems, or underwriting rules of such  
522 | organization. Such records shall be maintained in an office  
523 | within this state or shall be made available for examination or  
524 | inspection within this state by the department at any time upon  
525 | reasonable notice.

526 |       Section 23. Section 627.361, Florida Statutes, is amended  
527 | to read:

528 |       627.361 False or misleading information.—No person shall  
529 | willfully withhold information from or knowingly give false or  
530 | misleading information to the office, any statistical agency  
531 | designated by the office, any rating organization, or any  
532 | insurer, which will affect the prospective loss costs, rates, or  
533 | premiums chargeable under this part.

534 |       Section 24. Subsections (1) and (2) of section 627.371,  
535 | Florida Statutes, are amended to read:

536 |       627.371 Hearings.—

537 |       (1) Any person aggrieved by any rate charged, rating plan,  
538 | rating system, or underwriting rule followed or adopted by an  
539 | insurer, and any person aggrieved by any rating plan, rating  
540 | system, or underwriting rule followed or adopted by a rating  
541 | organization, may herself or himself or by her or his authorized

Amendment No. 6

542 representative make written request of the insurer or rating  
543 organization to review the manner in which the prospective loss  
544 cost, rate, plan, system, or rule has been applied with respect  
545 to insurance afforded her or him. If the request is not granted  
546 within 30 days after it is made, the requester may treat it as  
547 rejected. Any person aggrieved by the refusal of an insurer or  
548 rating organization to grant the review requested, or by the  
549 failure or refusal to grant all or part of the relief requested,  
550 may file a written complaint with the office, specifying the  
551 grounds relied upon. If the office has already disposed of the  
552 issue as raised by a similar complaint or believes that probable  
553 cause for the complaint does not exist or that the complaint is  
554 not made in good faith, it shall so notify the complainant.  
555 Otherwise, and if it also finds that the complaint charges a  
556 violation of this chapter and that the complainant would be  
557 aggrieved if the violation is proven, it shall proceed as  
558 provided in subsection (2).

559 (2) If after examination of an insurer, rating  
560 organization, advisory organization, or group, association, or  
561 other organization of insurers which engages in joint  
562 underwriting or joint reinsurance, upon the basis of other  
563 information, or upon sufficient complaint as provided in  
564 subsection (1), the office has good cause to believe that such  
565 insurer, organization, group, or association, or any prospective  
566 loss cost, rate, rating plan, or rating system made or used by

Amendment No. 6

567 any such insurer or rating organization, does not comply with  
568 the requirements and standards of this part applicable to it, it  
569 shall, unless it has good cause to believe such noncompliance is  
570 willful, give notice in writing to such insurer, organization,  
571 group, or association stating therein in what manner and to what  
572 extent noncompliance is alleged to exist and specifying therein  
573 a reasonable time, not less than 10 days thereafter, in which  
574 the noncompliance may be corrected, including any premium  
575 adjustment.

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**T I T L E   A M E N D M E N T**

580

Remove lines 65-66 and insert:

581

requirements for such departure; amending s. 624.482, F.S.;

582

conforming a provision to changes made by the act; amending s.

583

627.041, F.S.; redefining terms; amending s. 627.0612, F.S.;

584

adding prospective loss costs to a list of reviewable matters in

585

certain proceedings by appellate courts; amending s. 627.062,

586

F.S.; requiring insurers and rating organizations to establish

587

and use prospective loss costs for a specified purpose;

588

requiring copies of prospective loss costs to be filed with the

589

Office of Insurance Regulation; amending s. 627.072, F.S.;

590

deleting a specified methodology that may be used by the office

591

in rate determinations; amending s. 627.091, F.S.; defining

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM



Amendment No. 6

592 terms; requiring insurers writing workers' compensation and  
593 employer's liability insurances to independently and  
594 individually file their proposed final rates; specifying  
595 requirements for such filings; deleting a requirement that such  
596 filings contain certain information; revising requirements for  
597 supporting information required to be furnished to the office  
598 under certain circumstances; deleting a specified method for  
599 insurers to satisfy filing obligations; specifying requirements  
600 for a licensed rating organization that elects to develop and  
601 file certain reference filings and certain other information;  
602 authorizing insurers to use supplementary rating information  
603 approved by the office; revising applicability of public  
604 meetings and records requirements to certain meetings of  
605 recognized rating organization committees; amending s. 627.093,  
606 F.S.; revising applicability of public meetings and records  
607 requirements to prospective loss cost filings or appeals;  
608 amending s. 627.101, F.S.; conforming a provision to changes  
609 made by the act; amending s. 627.211, F.S.; deleting provisions  
610 relating to deviations; revising requirements for the office's  
611 annual report to the Legislature relating to the workers'  
612 compensation insurance market; creating s. 627.2151, F.S.;  
613 defining the term "defense and cost containment expenses" or  
614 "DCCE"; requiring insurer groups or insurers writing workers'  
615 compensation insurance to file specified schedules with the  
616 office at specified intervals; providing construction relating

984417 - h 7085 - line 847.docx

Published On: 4/5/2017 9:22:14 PM

Amendment No. 6

617 to excessive DCCE; requiring the office to order returns of  
618 excess amounts of DCCE, subject to certain hearing requirements;  
619 providing requirements for, and an exception from, the return of  
620 excessive DCCE amounts; providing construction; amending s.  
621 627.291, F.S.; providing applicability of certain disclosure and  
622 hearing requirements for rating organizations filing prospective  
623 loss costs; amending s. 627.318, F.S.; providing applicability  
624 of certain recordkeeping requirements for rating organizations  
625 or insurers filing or using prospective loss costs,  
626 respectively; amending s. 627.361, F.S.; providing applicability  
627 of a prohibition against false or misleading information  
628 relating to prospective loss costs; amending s. 627.371, F.S.;;  
629 providing applicability of certain hearing procedures and  
630 requirements relating to the application, making, or use of  
631 prospective loss costs; providing an effective date.