



647458

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/20/2018	.	
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The Committee on Banking and Insurance (Broxson) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Subsection (6) is added to section 627.072,
Florida Statutes, to read:

627.072 Making and use of rates; qualified shared
underwriting result participation programs.—

(6) (a) As used in this subsection, the term:

1. "Base workers' compensation insurance policy" means a



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11 workers' compensation insurance policy that is subject to this
12 part.

13 2. "Qualified insured" means an insured that has its
14 principal place of business in this state and has an estimated
15 annual countrywide workers' compensation standard premium of at
16 least \$500,000.

17 3. "Qualified insurer" means an insurance company that:

18 a. Is authorized to transact insurance in this state;

19 b. Had a combined ratio of less than 100 percent on January
20 1 of each of the 2 preceding years for its nationwide book of
21 workers' compensation insurance business;

22 c. Has a surplus in excess of \$500 million on January 1 of
23 the year in which the base workers' compensation insurance
24 policy is issued; and

25 d. Has a rating of A+ from A.M. Best Company or an AA
26 rating from Fitch Ratings.

27 4. "Qualified reinsurer" means a reinsurer that:

28 a. Is an affiliate of, is controlled by, or is under common
29 control of a qualified insurer; and

30 b. Is a reinsurer where credit for its reinsurance is
31 allowed under s. 624.610(3).

32 5. "Qualified shared underwriting result participation
33 program" means an offering that:

34 a. Is issued to the same insured in connection with a base
35 workers' compensation insurance policy;

36 b. Is effected through a separate agreement with a
37 qualified reinsurer;

38 c. Provides that the insured may participate in the
39 underwriting profit or risk that is associated with the base



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40 workers' compensation insurance policy issued to that insured
41 and that is maintained in a segregated cell account;
42 d. Contains a minimum and maximum loss participation limit;
43 e. Discloses the duration of the program;
44 f. Discloses penalties, if any, for the early termination
45 of the program;
46 g. Provides an estimated schedule of payments;
47 h. Discloses the methodology for calculating charges,
48 deposits, or other payments due, including the frequency of
49 adjustments; and
50 i. Discloses how any disputes between the parties will be
51 resolved.
52 (b) An application or proposal for a qualified shared
53 underwriting result participation program with a term longer
54 than 1 year must clearly disclose the term duration in at least
55 14-point type.
56 (c) If a qualified insurer in this state issues a base
57 workers' compensation insurance policy on an approved form and
58 with approved rates to a qualified insured, a qualified shared
59 underwriting result participation program form must be filed
60 with the office for informational purposes only. The qualified
61 shared underwriting result participation program form does not
62 require approval under s. 627.410.
63 (d) A qualified shared underwriting result participation
64 program may be issued to a qualified insured in connection with
65 a base workers' compensation policy issued by a qualified
66 insurer.
67 (e) Charges, deposits, or other payments agreed to by a
68 qualified insured and a qualified reinsurer pursuant to a



69 qualified shared underwriting result participation program are
70 not subject to this part.

71 (f) A qualified insurer must comply with ss. 440.41 and
72 440.42 in connection with a base workers' compensation insurance
73 policy.

74 Section 2. This act shall take effect July 1, 2018.

76 ===== T I T L E A M E N D M E N T =====

77 And the title is amended as follows:

78 Delete everything before the enacting clause
79 and insert:

80 A bill to be entitled
81 An act relating to workers' compensation shared
82 underwriting result participation programs; amending
83 s. 627.072, F.S.; defining terms; specifying
84 disclosure requirements for applications or proposals
85 for certain qualified shared underwriting result
86 participation programs; requiring, under certain
87 circumstances, a qualified shared underwriting result
88 participation program form to be filed with the Office
89 of Insurance Regulation, for informational purposes
90 only, and providing that such form is not subject to
91 certain approval; providing that a qualified shared
92 underwriting result participation program may be
93 issued to a qualified insured in connection with a
94 base workers' compensation policy issued by a
95 qualified insurer; providing that the Rating Law does
96 not apply to certain charges, deposits, or other
97 payments in a qualified shared underwriting result



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98 participation program; requiring qualified insurers to
99 comply with specified provisions of the Workers'
100 Compensation Law; providing an effective date.