

By the Committee on Banking and Insurance; and Senator Broxson

597-03455-18

20181866c1

1 A bill to be entitled
2 An act relating to workers' compensation shared
3 underwriting result participation programs; amending
4 s. 627.072, F.S.; defining terms; specifying
5 disclosure requirements for applications or proposals
6 for certain qualified shared underwriting result
7 participation programs; requiring, under certain
8 circumstances, a qualified shared underwriting result
9 participation program form to be filed with the Office
10 of Insurance Regulation, for informational purposes
11 only, and providing that such form is not subject to
12 certain approval; providing that a qualified shared
13 underwriting result participation program may be
14 issued to a qualified insured in connection with a
15 base workers' compensation policy issued by a
16 qualified insurer; providing that the Rating Law does
17 not apply to certain charges, deposits, or other
18 payments in a qualified shared underwriting result
19 participation program; requiring qualified insurers to
20 comply with specified provisions of the Workers'
21 Compensation Law; providing an effective date.
22

23 Be It Enacted by the Legislature of the State of Florida:
24

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

27 627.072 Making and use of rates; qualified shared
28 underwriting result participation programs.—

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

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30 1. "Base workers' compensation insurance policy" means a
31 workers' compensation insurance policy that is subject to this
32 part.

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

37 3. "Qualified insurer" means an insurance company that:
38 a. Is authorized to transact insurance in this state;
39 b. Had a combined ratio of less than 100 percent on January
40 1 of each of the 2 preceding years for its nationwide book of
41 workers' compensation insurance business;

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

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

47 4. "Qualified reinsurer" means a reinsurer that:
48 a. Is an affiliate of, is controlled by, or is under common
49 control of a qualified insurer; and

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

52 5. "Qualified shared underwriting result participation
53 program" means an offering that:

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

56 b. Is effected through a separate agreement with a
57 qualified reinsurer;

58 c. Provides that the insured may participate in the

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59 underwriting profit or risk that is associated with the base
60 workers' compensation insurance policy issued to that insured
61 and that is maintained in a segregated cell account;

62 d. Contains a minimum and maximum loss participation limit;

63 e. Discloses the duration of the program;

64 f. Discloses penalties, if any, for the early termination
65 of the program;

66 g. Provides an estimated schedule of payments;

67 h. Discloses the methodology for calculating charges,
68 deposits, or other payments due, including the frequency of
69 adjustments; and

70 i. Discloses how any disputes between the parties will be
71 resolved.

72 (b) An application or proposal for a qualified shared
73 underwriting result participation program with a term longer
74 than 1 year must clearly disclose the term duration in at least
75 14-point type.

76 (c) If a qualified insurer in this state issues a base
77 workers' compensation insurance policy on an approved form and
78 with approved rates to a qualified insured, a qualified shared
79 underwriting result participation program form must be filed
80 with the office for informational purposes only. The qualified
81 shared underwriting result participation program form does not
82 require approval under s. 627.410.

83 (d) A qualified shared underwriting result participation
84 program may be issued to a qualified insured in connection with
85 a base workers' compensation policy issued by a qualified
86 insurer.

87 (e) Charges, deposits, or other payments agreed to by a

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88 qualified insured and a qualified reinsurer pursuant to a
89 qualified shared underwriting result participation program are
90 not subject to this part.

91 (f) A qualified insurer must comply with ss. 440.41 and
92 440.42 in connection with a base workers' compensation insurance
93 policy.

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