

26 | \$4.5 billion divided by the total estimated reimbursement
27 | premium for the contract year; for subsequent years, the
28 | retention multiple shall be equal to \$4.5 billion, adjusted
29 | based upon the reported exposure for the contract year occurring
30 | 2 years before the particular contract year to reflect the
31 | percentage growth in exposure to the fund for covered policies
32 | since 2004, divided by the total estimated reimbursement premium
33 | for the contract year. Total reimbursement premium for purposes
34 | of the calculation under this subparagraph shall be estimated
35 | using the assumption that all insurers have selected the 90-
36 | percent coverage level.

37 | 2. The retention multiple as determined under subparagraph
38 | 1. shall be adjusted to reflect the coverage level elected by
39 | the insurer. For insurers electing the 90-percent coverage
40 | level, the adjusted retention multiple is 100 percent of the
41 | amount determined under subparagraph 1. For insurers electing
42 | the 75-percent coverage level, the retention multiple is 120
43 | percent of the amount determined under subparagraph 1. For
44 | insurers electing the 60-percent coverage level, the retention
45 | multiple is 150 percent of the amount determined under
46 | subparagraph 1. For insurers electing the 45-percent coverage
47 | level, the adjusted retention multiple is 200 percent of the
48 | amount determined under subparagraph 1.

49 | 3. An insurer shall determine its provisional retention by
50 | multiplying its provisional reimbursement premium by the

51 applicable adjusted retention multiple and shall determine its
52 actual retention by multiplying its actual reimbursement premium
53 by the applicable adjusted retention multiple.

54 4. For insurers who experience multiple covered events
55 causing loss during the contract year, beginning June 1, 2005,
56 each insurer's full retention shall be applied to each of the
57 covered events causing the two largest losses for that insurer.
58 For each other covered event resulting in losses, the insurer's
59 retention shall be reduced to one-third of the full retention.
60 The reimbursement contract shall provide for the reimbursement
61 of losses for each covered event based on the full retention
62 with adjustments made to reflect the reduced retentions on or
63 after January 1 of the contract year provided the insurer
64 reports its losses as specified in the reimbursement contract.

65 (4) REIMBURSEMENT CONTRACTS.—

66 (b)1. The contract shall contain a promise by the board to
67 reimburse the insurer for 45 percent, 60 percent, 75 percent, or
68 90 percent of its losses from each covered event in excess of
69 the insurer's retention, plus 5 percent of the reimbursed losses
70 to cover loss adjustment expenses. The 60-percent coverage level
71 is available beginning in the 2019-2020 contract year.

72 2. The insurer must elect one of the percentage coverage
73 levels specified in this paragraph and may, upon renewal of a
74 reimbursement contract, elect a lower percentage coverage level
75 if no revenue bonds issued under subsection (6) after a covered

76 event are outstanding, or elect a higher percentage coverage
77 level, regardless of whether or not revenue bonds are
78 outstanding. All members of an insurer group must elect the same
79 percentage coverage level. Any joint underwriting association,
80 risk apportionment plan, or other entity created under s.
81 627.351 must elect the 90-percent coverage level.

82 3. The contract shall provide that reimbursement amounts
83 shall not be reduced by reinsurance paid or payable to the
84 insurer from other sources.

85 (5) REIMBURSEMENT PREMIUMS.—

86 (b) The State Board of Administration shall select an
87 independent consultant to develop a formula for determining the
88 actuarially indicated premium to be paid to the fund. The
89 formula shall specify, for each zip code or other limited
90 geographical area, the amount of premium to be paid by an
91 insurer for each \$1,000 of insured value under covered policies
92 in that zip code or other area. In establishing premiums, the
93 board shall consider the coverage elected under paragraph (4) (b)
94 and any factors that tend to enhance the actuarial
95 sophistication of ratemaking for the fund, including
96 deductibles, type of construction, type of coverage provided,
97 relative concentration of risks, and other such factors deemed
98 by the board to be appropriate. Beginning with the premium
99 formula for the 2019-2020 contract year, the premium formula
100 must provide for a cash build-up factor as follows:

101 1. As used in this paragraph, the term "projected fund
102 balance" means the projected year-end balance of the fund as of
103 December 31 of the prior contract year as published in the
104 Florida Administrative Register in October, adjusted for any
105 changes in the fund's total incurred losses made on or before
106 the date on which the independent actuarial consultant signs the
107 report of the proposed premium formula.

108 2. When the projected fund balance is less than \$14
109 billion, the factor is 25 percent. When the projected fund
110 balance is at least \$14 billion, but less than \$14.5 billion,
111 the factor is 20 percent. When the projected fund balance is at
112 least \$14.5 billion, but less than \$15 billion, the factor is 15
113 percent. When the projected fund balance is at least \$15
114 billion, but less than \$15.5 billion, the factor is 10 percent.
115 When the projected fund balance is at least \$15.5 billion, but
116 less than \$16 billion, the factor is 5 percent. When the
117 projected fund balance is at least \$16 billion, the factor is
118 zero. For the 2009-2010 contract year, the factor is 5 percent.
119 For the 2010-2011 contract year, the factor is 10 percent. For
120 the 2011-2012 contract year, the factor is 15 percent. For the
121 2012-2013 contract year, the factor is 20 percent. For the 2013-
122 2014 contract year and thereafter, the factor is 25 percent.

123 3. The formula may provide for a procedure to determine
124 the premiums to be paid by new insurers that begin writing
125 covered policies after the beginning of a contract year, taking

126 into consideration when the insurer starts writing covered
127 policies, the potential exposure of the insurer, the potential
128 exposure of the fund, the administrative costs to the insurer
129 and to the fund, and any other factors deemed appropriate by the
130 board. The formula must be approved by unanimous vote of the
131 board. The board may, at any time, revise the formula pursuant
132 to the procedure provided in this paragraph.

133 (6) REVENUE BONDS.—

134 (b) Emergency assessments.—

135 1.a.1. If the board determines that the amount of revenue
136 produced under subsection (5) is insufficient to fund the
137 obligations, costs, and expenses of the fund and the
138 corporation, including repayment of revenue bonds and that
139 portion of the debt service coverage not met by reimbursement
140 premiums, the board shall direct the Office of Insurance
141 Regulation to levy, by order, an emergency assessment on direct
142 premiums for all property and casualty lines of business in this
143 state, including property and casualty business of surplus lines
144 insurers regulated under part VIII of chapter 626, but not
145 including any workers' compensation premiums or medical
146 malpractice premiums.

147 b. As used in this subsection, the term "property and
148 casualty business" includes all lines of business identified in
149 the ~~en Form 2,~~ Exhibit of Premiums and Losses, in the annual
150 statement required of authorized property and casualty insurers

151 under ~~by~~ s. 624.424 and any rule adopted under this section,
152 except for those lines identified as accident and health
153 insurance and except for policies written under the National
154 Flood Insurance Program. The assessment shall be specified as a
155 percentage of direct written premium and is subject to annual
156 adjustments by the board in order to meet debt obligations. The
157 same percentage applies to all policies in lines of business
158 subject to the assessment issued or renewed during the 12-month
159 period beginning on the effective date of the assessment.

160 2. A premium is not subject to an annual assessment under
161 this paragraph in excess of 6 percent of premium with respect to
162 obligations arising out of losses attributable to any one
163 contract year, and a premium is not subject to an aggregate
164 annual assessment under this paragraph in excess of 10 percent
165 of premium. An annual assessment under this paragraph continues
166 as long as the revenue bonds issued with respect to which the
167 assessment was imposed are outstanding, including any bonds the
168 proceeds of which were used to refund the revenue bonds, unless
169 adequate provision has been made for the payment of the bonds
170 under the documents authorizing issuance of the bonds.

171 3. Emergency assessments shall be collected from
172 policyholders. Emergency assessments shall be remitted by
173 insurers as a percentage of direct written premium for the
174 preceding calendar quarter as specified in the order from the
175 Office of Insurance Regulation. The office shall verify the

176 accurate and timely collection and remittance of emergency
177 assessments and shall report the information to the board in a
178 form and at a time specified by the board. Each insurer
179 collecting assessments shall provide the information with
180 respect to premiums and collections as may be required by the
181 office to enable the office to monitor and verify compliance
182 with this paragraph.

183 4. With respect to assessments of surplus lines premiums,
184 each surplus lines agent shall collect the assessment at the
185 same time as the agent collects the surplus lines tax required
186 by s. 626.932, and the surplus lines agent shall remit the
187 assessment to the Florida Surplus Lines Service Office created
188 by s. 626.921 at the same time as the agent remits the surplus
189 lines tax to the Florida Surplus Lines Service Office. The
190 emergency assessment on each insured procuring coverage and
191 filing under s. 626.938 shall be remitted by the insured to the
192 Florida Surplus Lines Service Office at the time the insured
193 pays the surplus lines tax to the Florida Surplus Lines Service
194 Office. The Florida Surplus Lines Service Office shall remit the
195 collected assessments to the fund or corporation as provided in
196 the order levied by the Office of Insurance Regulation. The
197 Florida Surplus Lines Service Office shall verify the proper
198 application of such emergency assessments and shall assist the
199 board in ensuring the accurate and timely collection and
200 remittance of assessments as required by the board. The Florida

201 Surplus Lines Service Office shall annually calculate the
202 aggregate written premium on property and casualty business,
203 other than workers' compensation and medical malpractice,
204 procured through surplus lines agents and insureds procuring
205 coverage and filing under s. 626.938 and shall report the
206 information to the board in a form and at a time specified by
207 the board.

208 5. Any assessment authority not used for a particular
209 contract year may be used for a subsequent contract year. If,
210 for a subsequent contract year, the board determines that the
211 amount of revenue produced under subsection (5) is insufficient
212 to fund the obligations, costs, and expenses of the fund and the
213 corporation, including repayment of revenue bonds and that
214 portion of the debt service coverage not met by reimbursement
215 premiums, the board shall direct the Office of Insurance
216 Regulation to levy an emergency assessment up to an amount not
217 exceeding the amount of unused assessment authority from a
218 previous contract year or years, plus an additional 4 percent
219 provided that the assessments in the aggregate do not exceed the
220 limits specified in subparagraph 2.

221 6. The assessments otherwise payable to the corporation
222 under this paragraph shall be paid to the fund unless the Office
223 of Insurance Regulation and the Florida Surplus Lines Service
224 Office received a notice from the corporation and the fund,
225 which shall be conclusive and upon which they may rely without

226 further inquiry, that the corporation has issued bonds and the
227 fund has no agreements in effect with local governments under
228 paragraph (c). On or after the date of the notice and until the
229 date the corporation has no bonds outstanding, the fund shall
230 have no right, title, or interest in or to the assessments,
231 except as provided in the fund's agreement with the corporation.

232 7. Emergency assessments are not premium and are not
233 subject to the premium tax, to the surplus lines tax, to any
234 fees, or to any commissions. An insurer is liable for all
235 assessments that it collects and must treat the failure of an
236 insured to pay an assessment as a failure to pay the premium. An
237 insurer is not liable for uncollectible assessments.

238 8. If an insurer is required to return an unearned
239 premium, it shall also return any collected assessment
240 attributable to the unearned premium. A credit adjustment to the
241 collected assessment may be made by the insurer with regard to
242 future remittances that are payable to the fund or corporation,
243 but the insurer is not entitled to a refund.

244 9. If a surplus lines insured or an insured who has
245 procured coverage and filed under s. 626.938 is entitled to the
246 return of an unearned premium, the Florida Surplus Lines Service
247 Office shall provide a credit or refund to the agent or such
248 insured for the collected assessment attributable to the
249 unearned premium before remitting the emergency assessment
250 collected to the fund or corporation.

251 10. The intent of the Legislature is that emergency
252 assessments be levied only in the context of debt financing
253 under this subsection. The authority of the board to direct the
254 Office of Insurance Regulation to levy emergency assessments
255 under this paragraph applies only in circumstances in which debt
256 issued under this subsection is outstanding or in which the
257 issuance of such debt has been authorized.

258 Section 2. This act shall take effect upon becoming a law.