



917258

LEGISLATIVE ACTION

Senate

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House

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The Committee on Banking and Insurance (Brandes) recommended the following:

**Senate Amendment (with title amendment)**

Between lines 29 and 30

insert:

Section 2. Effective January 1, 2020, paragraph (b) of subsection (4) of section 215.555, Florida Statutes, is amended to read:

215.555 Florida Hurricane Catastrophe Fund.—

(4) REIMBURSEMENT CONTRACTS.—

(b)1. The contract shall contain a promise by the board to



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11 reimburse the insurer for 45 percent, 75 percent, or 90 percent  
12 of its losses from each covered event in excess of the insurer's  
13 retention, plus, for the purpose of covering loss adjustment  
14 expenses, the lesser of 15 percent of the reimbursed losses or  
15 the uniform loss adjustment expense percentage adopted pursuant  
16 to s. 215.55953 5 percent of the reimbursed losses to cover loss  
17 adjustment expenses.

18 2. The insurer must elect one of the percentage coverage  
19 levels specified in this paragraph and may, upon renewal of a  
20 reimbursement contract, elect a lower percentage coverage level  
21 if no revenue bonds issued under subsection (6) after a covered  
22 event are outstanding, or elect a higher percentage coverage  
23 level, regardless of whether or not revenue bonds are  
24 outstanding. All members of an insurer group must elect the same  
25 percentage coverage level. Any joint underwriting association,  
26 risk apportionment plan, or other entity created under s.  
27 627.351 must elect the 90-percent coverage level.

28 3. The contract shall provide that reimbursement amounts  
29 shall not be reduced by reinsurance paid or payable to the  
30 insurer from other sources.

31 Section 3. Section 215.55953, Florida Statutes, is created  
32 to read:

33 215.55953 Uniform loss adjustment expense percentage.-

34 (1) No later than December 1, 2019, the Financial Services  
35 Commission shall establish by rule a uniform loss adjustment  
36 expense percentage for the reasonable reimbursement by the  
37 Florida Hurricane Catastrophe Fund of loss adjustment expenses  
38 incurred in adjusting losses for covered policies under s.  
39 215.555. In determining the reasonable loss adjustment expenses



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40 incurred in adjusting such losses, the commission shall  
41 consider:

42 (a) The total losses and loss adjustment expenses that have  
43 been incurred by authorized insurers related to losses caused by  
44 covered events as defined in s. 215.555(2) (b).

45 (b) The actual claims paying capacity of the Florida  
46 Hurricane Catastrophe Fund.

47 (c) Other information the commission finds is relevant to  
48 determining the reasonable loss expenses incurred in adjusting  
49 losses reimbursable under s. 215.555.

50 (2) No later than March 1 of the calendar year following a  
51 covered event under s. 215.555, the Office of Insurance  
52 Regulation shall advise the commission as to the necessity of  
53 adopting a new uniform loss adjustment expense percentage. Upon  
54 a recommendation from the Office of Insurance Regulation that  
55 the commission adopt a new uniform loss adjustment percentage,  
56 the commission shall do so by rule no later than December 1 of  
57 the year such recommendation is made.

58 (3) Rules adopted pursuant to this section are not subject  
59 to the requirements of s. 120.541.

60  
61 Delete line 122

62 and insert:

63 Section 9. Except as otherwise expressly provided in this  
64 act, this act shall take effect July 1, 2019.

65  
66 ===== T I T L E A M E N D M E N T =====

67 And the title is amended as follows:

68 Between lines 2 and 3



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69 insert:  
70 amending s. 215.555, F.S.; revising the reimbursement  
71 of loss adjustment expenses by the Florida Hurricane  
72 Catastrophe Fund; creating s. 215.55953, F.S.;  
73 requiring the Financial Services Commission, by a  
74 specified date, to adopt a certain uniform loss  
75 adjustment expense percentage by rule; specifying  
76 information the commission must consider in  
77 determining certain incurred expenses; requiring the  
78 Office of Insurance Regulation, under certain  
79 circumstances, to advise the commission on certain  
80 matters; requiring the commission to adopt certain  
81 rules under certain circumstances; providing that  
82 adopted rules are not subject to requirements for a  
83 statement of estimated regulatory costs;  
84  
85 Delete line 25  
86 and insert:  
87 program; providing effective dates.