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LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
02/12/2020	.	
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The Committee on Banking and Insurance (Rouson) recommended the following:

1 **Senate Amendment to Amendment (632742) (with directory and**
2 **title amendments)**

3
4 Between lines 53 and 54
5 insert:

6 (5) REIMBURSEMENT PREMIUMS.—

7 (b) The State Board of Administration shall select an
8 independent consultant to develop a rate formula for determining
9 the actuarially indicated premium to be paid to the fund. The
10 rate formula must ~~shall~~ specify, for each zip code or other



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11 limited geographical area, the amount of premium to be paid by
12 an insurer for each \$1,000 of insured value under covered
13 policies in that zip code or other area. In establishing
14 premiums, the board shall consider the coverage elected under
15 paragraph (4) (b) and any factors that tend to enhance the
16 actuarial sophistication of ratemaking for the fund, including
17 deductibles, type of construction, type of coverage provided,
18 relative concentration of risks, and other such factors deemed
19 by the board to be appropriate. For the 2020-2021, 2021-2022,
20 and 2022-2023 contract years, the rapid cash build-up factor
21 shall be suspended. Thereafter, the fund's rate formula may
22 provide for a rapid cash build-up factor of up to 25 percent
23 only when the available cash balance as of December 31 of the
24 previous year is less than 50 percent of the statutory capacity.
25 For the purpose of calculating the rapid cash build-up factor
26 trigger, the available cash balance must not be reduced by more
27 than 50 percent of the estimated reserves for participating
28 insurer's reimbursements ~~The formula must provide for a cash~~
29 ~~build-up factor. For the 2009-2010 contract year, the factor is~~
30 ~~5 percent. For the 2010-2011 contract year, the factor is 10~~
31 ~~percent. For the 2011-2012 contract year, the factor is 15~~
32 ~~percent. For the 2012-2013 contract year, the factor is 20~~
33 ~~percent. For the 2013-2014 contract year and thereafter, the~~
34 ~~factor is 25 percent.~~ The rate formula may provide for a
35 procedure to determine the premiums to be paid by new insurers
36 that begin writing covered policies after the beginning of a
37 contract year, taking into consideration when the insurer starts
38 writing covered policies, the potential exposure of the insurer,
39 the potential exposure of the fund, the administrative costs to



40 the insurer and to the fund, and any other factors deemed
41 appropriate by the board. The formula must be approved by
42 unanimous vote of the board. The board may, at any time, revise
43 the formula pursuant to the procedure provided in this
44 paragraph.

45
46 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

47 And the directory clause is amended as follows:

48 Delete lines 5 - 6

49 and insert:

50 Section 1. Paragraph (c) of subsection (2) and paragraph
51 (b) of subsection (5) of section 215.555, Florida Statutes, are
52 amended to read:

53
54 ===== T I T L E A M E N D M E N T =====

55 And the title is amended as follows:

56 Delete line 1268

57 and insert:

58 policies; requiring the suspension of the rapid cash
59 build-up factor in the fund's rate formula during
60 specified contract years; providing that, after the
61 suspension, the rate formula may provide for a cash
62 build-up factor of up to a specified percentage only
63 under certain circumstances; specifying a limitation
64 on calculating the trigger for the cash build-up
65 factor; amending s. 319.30, F.S.; revising a certain