

BILL PCS HB 1563

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1                                   A bill to be entitled  
 2           An act relating to commercial insurance rates; amending s.  
 3           627.062, F.S.; exempting certain categories or types of  
 4           insurance and types of commercial lines risks from certain  
 5           rate requirements; allowing certain insurance and risks a  
 6           reasonable rate of return; requiring notification by a  
 7           certain insurer to the Office of Insurance Regulation;  
 8           providing requirements for such notification; requiring  
 9           certain information to be maintained by a certain insurer  
 10          and subject to examination by the Office of Insurance  
 11          Regulation; providing rate factors and standards to be  
 12          used in such examinations; allowing the Office of  
 13          Insurance Regulation to require certain information be  
 14          provided by a certain insurer; amending s. 627.0651, F.S.;  
 15          excluding commercial motor vehicle insurance from certain  
 16          motor vehicle insurance rate requirements; providing  
 17          certain rate requirements for certain motor vehicle  
 18          insurance rates; allowing certain motor vehicle insurance  
 19          a reasonable rate of return; requiring notification by a  
 20          certain motor vehicle insurer to the Office of Insurance  
 21          Regulation; providing requirements for such notification;  
 22          requiring certain information to be maintained by a  
 23          certain motor vehicle insurer and subject to examination  
 24          by the Office of Insurance Regulation; providing rate  
 25          factors and standards to be used in such examinations;  
 26          allowing the Office of Insurance Regulation to require  
 27          certain information be provided by a certain motor vehicle  
 28          insurer; providing an effective date.

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

Section 1. Paragraph (d) is added to subsection (3) of section 627.062, Florida Statutes, to read:

627.062 Rate standards.—

(3)

(d)1. The following categories or kinds of insurance and types of commercial lines risks are not subject to paragraphs (a) or (f) of subsection (2):

a. Excess or umbrella.

b. Surety and fidelity.

c. Boiler and machinery and leakage and fire extinguishing equipment.

d. Errors and omissions.

e. Directors and officers, employment practices, and management liability.

f. Intellectual property and patent infringement liability.

g. Advertising injury and Internet liability insurance.

h. Property risks rated under a highly protected risks rating plan.

i. Any other commercial lines categories or kinds of insurance or types of commercial lines risks that the office determines should not be subject to paragraph (a) or (f) of subsection (2) for reasons of the existence of a competitive market for such insurance, similarity of such insurance to other categories or kinds of insurance not subject to paragraph (a) or

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56 (f) of subsection (2), or to improve the general operational  
 57 efficiency of the office.

58 2. Insurers or rating organizations shall establish and  
 59 use rates, rating schedules, or rating manuals to allow the  
 60 insurer a reasonable rate of return on insurance and risks  
 61 described in subparagraph 1. written in this state.

62 3. An insurer must notify the office of any changes to  
 63 rates for insurance and risks described in subparagraph 1. no  
 64 later than 30 days after the effective date of the change. The  
 65 notice must include the name of the insurer; the type or kind of  
 66 insurance subject to rate change; total premium written during  
 67 the immediately preceding year by the insurer for the type or  
 68 kind of insurance subject to the rate change; and the average  
 69 statewide percentage change in rates. Underwriting files,  
 70 premiums, losses, and expense statistics with regard to  
 71 insurance and risks described in subparagraph 1. written by an  
 72 insurer shall be maintained by the insurer and subject to  
 73 examination by the office. Upon examination, the office shall,  
 74 in accordance with generally accepted and reasonable actuarial  
 75 techniques, consider the rate factors in paragraphs (b) - (d) of  
 76 subsection (2) and the standards in paragraph (e) of subsection  
 77 (2) to determine if the rate is excessive, inadequate, or  
 78 unfairly discriminatory.

79 4. In reviewing a rate, the office may require the insurer  
 80 to provide at the insurer's expense all information necessary to  
 81 evaluate the condition of the company and the reasonableness of  
 82 the rate according to the applicable criteria enumerated in this  
 83 section.

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84  
 85 Section 2. Subsections (14) is added to section 627.065  
 86 Florida Statutes, to read:  
 87 627.0651 Making and use of rates for motor vehicle  
 88 insurance.—  
 89 (14) (a) Commercial motor vehicle insurance covering a fleet  
 90 of five or more self-propelled vehicles is not subject to  
 91 subsections (1), (2), (9) or s.627.0645.  
 92 (b) The rates for the insurance described in this  
 93 subsection shall not be excessive, inadequate, or unfairly  
 94 discriminatory.  
 95 (c) Insurers shall establish and use rates, rating  
 96 schedules, or rating manuals to allow the insurer a reasonable  
 97 rate of return on commercial motor vehicle insurance covering a  
 98 fleet of five or more self-propelled vehicles written in this  
 99 state.  
 100 (d) An insurer must notify the office of any changes to  
 101 rates for type of insurance described in this subsection no  
 102 later than 30 days after the effective date of the change. The  
 103 notice must include the name of the insurer; the type or kind of  
 104 insurance subject to rate change; total premium written during  
 105 the immediately preceding year by the insurer for the type or  
 106 kind of insurance subject to the rate change; and the average  
 107 statewide percentage change in rates. Underwriting files,  
 108 premiums, losses, and expense statistics for the type of  
 109 insurance described in this subsection shall be maintained by  
 110 the insurer and subject to examination by the office. Upon  
 111 examination, the office shall, in accordance with generally

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112 accepted and reasonable actuarial techniques, consider the  
 113 factors in paragraphs (a) - (1) of subsection (2) and apply  
 114 subsections (3) - (8) to determine if the rate is excessive,  
 115 inadequate, or unfairly discriminatory.

116 (e) In reviewing the rate, the office may require the  
 117 insurer to provide at the insurer's expense all information  
 118 necessary to evaluate the condition of the company and the  
 119 reasonableness of the rate according to the applicable criteria  
 120 enumerated herein.

121  
 122 Section 3. This act shall take effect January 1, 2011.