

## Committee on Banking and Insurance

### **CS/CS/HB 99 — Commercial Insurance Rates**

by Economic Affairs Committee; Insurance and Banking Subcommittee; Rep. Drake and others (CS/CS/SB 178 by Banking and Insurance Committee, Commerce and Tourism Committee and Senator Oelrich)

The bill amends the insurance “Rating Law,” to expand the number of specified types of commercial lines insurance that are exempt from the rate filing and review requirements of s. 627.062(2)(a) and (f), F.S. The bill adds the following types of insurance to be exempt:

- General liability insurance;
- Nonresidential property insurance, except collateral protection insurance;
- Nonresidential multiperil insurance;
- Excess property insurance; and
- Burglary and theft insurance.

The bill further specifies that the current statutory exemption for directors and officers, employment practices and management liability coverage is also to include fiduciary liability coverage.

The bill expands the commercial motor vehicle insurance coverage that is exempt from specified rate filing and review requirements. Currently, commercial motor vehicle insurance covering a fleet of 20 or more vehicles is exempt from: s. 627.0651(1), F.S., requiring certain rate filing information; s. 627.0651(2), F.S., requiring the OIR to review the rate filing; s. 627.0651(9), F.S., allowing the OIR to require information necessary to evaluate the filing; and s. 627.0645, F.S., requiring annual rate filings. The bill expands this exemption to apply to all commercial motor vehicle insurance, regardless of the size of the fleet being covered.

An insurer or rating organization that implements a rate change under any of these exemptions must notify the Office of Insurance Regulation (OIR) of any changes to rates for these exempted types of insurance within 30 days after the effective date of the change. The bill requires that actuarial data with regard to the rates must be maintained by the insurer or rating organization for two years, instead of the current statutory requirement that an insurer must keep underwriting files, premiums, losses, and expense statistics, and a rating organization must keep loss and exposure statistics applicable to loss costs. The bill deletes current law which allows the OIR to require information to be submitted at the insurer’s or rating organization’s expense, but the bill replaces that provision with the requirement that the insurer or rating organization must incur the cost of any examination required by the OIR. The bill also removes the current statutory requirement that for insurers, the 30-day notice must include the total premium written on the product during the immediately preceding year.

If approved by the Governor, these provisions take effect October 1, 2011.

*Vote: Senate 34-1; House 116-0*