

By Senator Campbell

33-1398-00

1 A bill to be entitled
2 An act relating to insurance rates; amending s.
3 627.062, F.S.; exempting certain insurers from
4 specified rate and form filing requirements for
5 policies issued to large commercial risks;
6 authorizing surplus lines agents to purchase
7 insurance from eligible unauthorized insurers
8 under certain circumstances for certain
9 purposes; requiring certain policies to contain
10 a notice; amending s. 627.171, F.S.;
11 authorizing insurers to use a rate less than
12 the applicable filed rate on any specified risk
13 under certain circumstances; exempting specific
14 lines of insurance; providing an effective
15 date.

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

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19 Section 1. Subsection (7) is added to section 627.062,
20 Florida Statutes, to read:

21 627.062 Rate standards.--

22 (7)(a) Except for medical malpractice, workers'
23 compensation, and employers' liability insurance, insurers are
24 exempt from the rate and form filing requirements of this
25 section, s. 627.0651, and s. 627.410 for policies issued to
26 large commercial risks, which risks include insureds that meet
27 any two of the following criteria:

- 28 1. Possess a net worth in excess of \$25 million;
29 2. Generate annual revenues in excess of \$50 million;
30 3. Employ more than 50 individuals in this state on a
31 full-time basis;

1 4. Pay annual aggregate insurance premiums, excluding
2 workers' compensation and employers' liability insurance
3 premiums, in excess of \$100,000 in this state; or

4 5. Is a not-for-profit organization or public entity
5 generating annual budget expenditures of at least \$25 million.

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7 However, an insurer must file policies issued to such large
8 commercial risks with the department for information purposes
9 only.

10 (b) A surplus lines agent seeking to obtain or provide
11 insurance for a large commercial risk may purchase from any
12 eligible unauthorized insurer without making a diligent search
13 of authorized insurers as required by s. 626.916 or s.
14 626.917.

15 (c) All policies issued under this subsection must
16 contain a notice to the insured that the rate and the policy
17 forms are not subject to the filing and approval requirements
18 of this state.

19 (d) An insurance company that insures an exempt large
20 commercial risk must maintain at least:

21 1. A "B+" rating by A.M. Best; or

22 2. An equivalent rating by another independent
23 insurance rating organization.

24 Section 2. Section 627.171, Florida Statutes, is
25 amended to read:

26 627.171 Excess or reduced rates.--

27 (1) With written consent of the insured signed prior
28 to the policy inception date and filed with the insurer, the
29 insurer may use a rate in excess of, or, except for medical
30 malpractice, workers' compensation, and employers' liability
31 insurance, less than the otherwise applicable filed rate on

1 any specific risk. The signed consent form must include the
2 filed rate as well as the excess or reduced rate for the risk
3 insured and a copy of the form must be maintained by the
4 insurer for 3 years and be available for review by the
5 department.

6 (2) An insurer may not use excess or reduced rates
7 pursuant to this section for more than 10 percent of its
8 commercial insurance policies written or renewed in each
9 calendar year for any line of commercial insurance or for more
10 than 5 percent of its personal lines insurance policies
11 written or renewed in each calendar year for any line of
12 personal insurance.

13 Section 3. This act shall take effect July 1, 2000.

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15 SENATE SUMMARY

16 Exempts insurers, except for medical malpractice,
17 workers' compensation, or employers' liability insurers,
18 from certain rate and form filing requirements on
19 policies issued to specified large commercial risks.
20 Authorizes surplus lines agents to purchase such coverage
21 from certain eligible unauthorized insurers. Requires a
22 notice to be included in such policies. Establishes
23 minimum requirements for such insurers. Authorizes
24 insurers to use a rate that is less than the filed rate
25 under certain circumstances. (See bill for details.)
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