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LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
02/22/2011	.	
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The Committee on Banking and Insurance (Fasano) recommended the following:

Senate Amendment (with title amendment)

Delete lines 1216 - 1290
and insert:

(1) (a) It is the intent of the Legislature that insurers ~~must~~ provide the most accurate pricing signals available in order ~~savings~~ to encourage consumers to ~~who~~ install or implement windstorm damage mitigation techniques, alterations, or solutions to their properties to prevent windstorm losses. It is also the intent of the Legislature that implementation of mitigation discounts not result in a loss of income to the insurers granting the discounts, so that the aggregate of such



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13 discounts not exceed the aggregate of the expected reduction in
14 loss attributable to the mitigation efforts for which discounts
15 are granted. A rate filing for residential property insurance
16 must include actuarially reasonable discounts, credits, debits,
17 or other rate differentials, or appropriate reductions in
18 deductibles, which provide the proper pricing for all
19 properties. The rate filing must take into account the presence
20 or absence of ~~on which~~ fixtures or construction techniques
21 demonstrated to reduce the amount of loss in a windstorm which
22 have been installed or implemented. The fixtures or construction
23 techniques must ~~shall~~ include, but need not be limited to,
24 fixtures or construction techniques that ~~which~~ enhance roof
25 strength, roof covering performance, roof-to-wall strength,
26 wall-to-floor-to-foundation strength, opening protection, and
27 window, door, and skylight strength. Credits, debits, discounts,
28 or other rate differentials, or appropriate reductions or
29 increases in deductibles, which recognize the presence or
30 absence of ~~for~~ fixtures and construction techniques that ~~which~~
31 meet the minimum requirements of the Florida Building Code must
32 be included in the rate filing. If an insurer demonstrates that
33 the aggregate of its mitigation discounts results in a reduction
34 to revenue which exceeds the reduction of the aggregate loss
35 that is expected to result from the mitigation, the insurer may
36 recover the lost revenue through an increase in its base rates.
37 ~~All insurance companies must make a rate filing which includes~~
38 ~~the credits, discounts, or other rate differentials or~~
39 ~~reductions in deductibles by February 28, 2003. By July 1, 2007,~~
40 ~~the office shall reevaluate the discounts, credits, other rate~~
41 ~~differentials, and appropriate reductions in deductibles for~~



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42 ~~fixtures and construction techniques that meet the minimum~~
43 ~~requirements of the Florida Building Code, based upon actual~~
44 ~~experience or any other loss relativity studies available to the~~
45 ~~office.~~ The office shall determine the discounts, credits,
46 debits, other rate differentials, and appropriate reductions or
47 increases in deductibles that reflect the full actuarial value
48 of such revaluation, which may be used by insurers in rate
49 filings.

50 (b) By February 1, 2011, the Office of Insurance
51 Regulation, in consultation with the Department of Financial
52 Services and the Department of Community Affairs, shall develop
53 and make publicly available a proposed method for insurers to
54 establish discounts, credits, or other rate differentials for
55 hurricane mitigation measures which directly correlate to the
56 numerical rating assigned to a structure pursuant to the uniform
57 home grading scale adopted by the Financial Services Commission
58 pursuant to s. 215.55865, including any proposed changes to the
59 uniform home grading scale. By October 1, 2011, the commission
60 shall adopt rules requiring insurers to make rate filings for
61 residential property insurance which revise insurers' discounts,
62 credits, or other rate differentials for hurricane mitigation
63 measures so that such rate differentials correlate directly to
64 the uniform home grading scale. The rules may include such
65 changes to the uniform home grading scale as the commission
66 determines are necessary, and may specify the minimum required
67 discounts, credits, or other rate differentials. Such rate
68 differentials must be consistent with generally accepted
69 actuarial principles and wind-loss mitigation studies. The rules
70 must ~~shall~~ allow a period of at least 2 years after the



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71 effective date of the revised mitigation discounts, credits, or
72 other rate differentials for a property owner to obtain an
73 inspection or otherwise qualify for the revised credit, during
74 which time the insurer shall continue to apply the mitigation
75 credit that was applied immediately before ~~prior to~~ the
76 effective date of the revised credit. Discounts, credits, and
77 other rate differentials established for rate filings under this
78 paragraph shall supersede, after adoption, the discounts,
79 credits, and other rate differentials included in rate filings
80 under paragraph (a).

81
82 ===== T I T L E A M E N D M E N T =====

83 And the title is amended as follows:

84 Delete lines 90 - 96

85 and insert:

86 reduction in expected losses;