

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 4059 Property and Casualty Insurance

SPONSOR(S): Metz

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	12 Y, 2 N	Callaway	Cooper
2) Economic Affairs Committee			

SUMMARY ANALYSIS

The bill repeals s. 627.3519, F.S., which requires the Financial Services Commission to provide to the Legislature an annual report on probable maximum losses, financing options, and potential assessments for the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation. This statute was enacted in 2006 and the Financial Services Commission has provided the report annually since 2008.

The bill has no fiscal impact and is effective on July 1, 2012.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Section 627.3519, F.S., requires the Financial Services Commission (FSC)¹ to provide the Legislature, by February 1st each year, a report on the aggregate net probable maximum losses², financing options, and potential assessments of the Florida Hurricane Catastrophe Fund (Fund) and Citizens Property Insurance Corporation (Citizens). This statute was enacted in 2006.³ The Financial Services Commission has provided the required report on to the Legislature each February since 2008.

The report must include the amount and term of debt needed to be issued by the Fund and Citizens to support the probable maximum losses required to be reported. The assessment percentage that would be needed to support the debt is also required to be reported.

The Office of Insurance Regulation (OIR) prepares the report on behalf of the FSC. The OIR does not compute or generate the information required to be reported. Much of the information needed in the report is already computed by the Fund and by Citizens and provided to various stakeholders, such as potential bond investors, rating agencies, public policymakers, and the advisory and governing boards of the Fund and Citizens. Thus, the information contained in the report is readily available from other resources.

The bill repeals s. 627.3519, F.S., requiring the annual report.

B. SECTION DIRECTORY:

Section 1: Repeals s. 627.3519, F.S., relating to an annual report of aggregate net probable maximum losses, financing options, and potential assessments.

Section 2: Provides an effective date of July 1, 2012.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

¹ The Financial Services Commission is comprised of the Governor and Cabinet (s. 20.121(3), F.S.).

² Probable maximum loss is an estimate of maximum dollar value that can be lost under realistic situations.

³ Section 20, Ch. 2006-12.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The OIR's budget does not include any funds for preparation of the report covering the probable maximum loss, financing options, and assessment need of the Florida Hurricane Catastrophe Fund (Fund) and Citizens. The OIR partners with an outside source to compile and obtain the information required in the report. Much of the information required to be compiled and obtained for the report has already been compiled by the Fund and Citizens and is shared by the Fund and Citizens to enable the report to be completed without expense. Thus, repeal of the report will not reduce state expenditures.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None provided in the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.