

Insurance Bill of Rights Statement

According to a Florida legislative bill analysis, Florida Chapter 2008-66 makes major changes to state insurance law by:

- increasing penalties for violating the state Insurance Code;
- changing standards and procedures for property insurance rate filings;
- applying antitrust laws to the business of insurance;
- prohibiting unfair claims handling practices;
- freezing rates and changing coverage and assessments for the Citizens Property Insurance Corporation;
- revising windstorm mitigation premium credits;
- requiring approval of nonrenewal plans;
- revising conditions for state-funded surplus notes to insurers; and
- providing criminal felony penalties for materially false rate filings with intent to deceive and for corruptly interfering with the lawful regulation of insurance.

The law:

- requires a commitment by the insurer to meet minimum premium-to-surplus writing ratios for residential property insurance and for taking policies out of the Citizens Property Insurance Corporation;
- requires insurers to commit to maintaining certain levels of surplus and reinsurance;
- authorizes the Office of Insurance Regulation to require an insurer to file its claims handling practices and procedures as a public record based on findings of a market conduct examination;
- requires that an insurer planning to not renew more than a specified number of residential property insurance policies notify the Office of Insurance Regulation and obtain approval for such nonrenewal;
- increases the maximum fines that may be imposed for nonwillful and willful violations of state law regarding unfair methods of competition and unfair or deceptive acts or practices related to insurance;
- specifies an additional unfair claims settlement practice;
- provides criteria for administrative hearings to determine whether an insurer's property insurance rates, rating manuals, premium credits, discount schedules, and surcharge schedules comply with state law;
- requires that an insurer seeking a rate for property insurance that is greater than the rate most recently approved by the Office of Insurance Regulation make a "file and use" filing for all such rate filings made after a specified date;
- revises the factors the Office of Insurance Regulation must consider in reviewing a rate filing;
- prohibits the Office of Insurance Regulation from disapproving as excessive a rate solely because the insurer obtained reinsurance covering a specified probably maximum loss;
- allows the office to disapprove a rate as excessive within 1 year after the rate has been approved under certain conditions related to nonrenewal of policies by the insurer;
- authorizes an insurer to request an expedited appellate review;
- requires the Division of Administrative Hearings to expedite a hearing request by an insurer and for the administrative law judge to commence the hearing within a specified time;

- expresses legislative intent for an expedited appellate review;
- revises provisions relating to the submission of a disputed rate filing, other than a rate filing for medical malpractice insurance, to an arbitration panel in lieu of an administrative hearing if the rate is filed before a specified date;
- provides legislative findings relating to final agency action for insurance ratemaking;
- requires the Financial Services Commission to consider and adopt findings relating to certain actuarial models, principles, standards, or models for certain maximum loss level calculations;
- requires that with respect to rate filings, insurers must use actuarial methods or models found to be accurate or reliable by the Florida Commission on Hurricane Loss Projection Methodology;
- requires the Office of Insurance Regulation develop and make publicly available before a specified deadline a proposed method for insurers to establish windstorm mitigation premium discounts that correlate to the Uniform Home Rating Scale;
- requires the Financial Services Commission adopt rules before a specified deadline;
- requires insurers to make rate filings pursuant to such method;
- authorizes the commission to make changes by rule to the Uniform Home Grading Scale and specify by rule the minimum required discounts, credits, or other rate differentials;
- requires such rate differentials be consistent with generally accepted actuarial principles and wind loss mitigation studies;
- requires written disclosure of windstorm mitigation ratings for certain structures;
- revises threshold amounts of deficits incurred in a calendar year on which the decision to levy assessments and the types of such assessments are based;
- revises the formula used to calculate shares of assessments owed by certain assessable insureds;
- requires that the board of governors make certain determinations before levying emergency assessments;
- provides the board of governors with discretion to set the amount of an emergency assessment within specified limits;
- requires the board of governors to levy a Citizens Policyholder Surcharge under certain conditions;
- requires that funds collected from the levy of such surcharges be used for certain purposes;
- requires insurers to provide written notice of certain cancellations, nonrenewals, or terminations;
- requires a purchaser of residential property in wind-borne debris regions to be presented with the windstorm mitigation rating of the structure;
- authorizes the Financial Services Commission to adopt rules requiring the Citizens Property Insurance Corporation to transfer funds to the General Revenue Fund if the losses due to a hurricane do not exceed a specified amount;
- requires the board of governors of the Citizens Property Insurance Corporation to make a reasonable estimate of such losses by a certain date;
- requires the State Board of Administration to transfer to Citizens Property Insurance Corporation certain uncommitted or unreserved funds under certain circumstances;

- prohibits the Citizens Property Insurance Corporation from using certain statutory changes or authorized transfers of funds as justification or cause to seek any rate or assessment increase;
- provides for residential property insurers to have access to and use a public hurricane loss projection model, and requires the office to establish a fee schedule for such model access and use;
- expands the application of policyholder loss or expense-related premium discounts;
- creates a Citizens Property Insurance Corporation Mission Review Task Force;
- requires the Chief Financial Officer to provide a report on the economic impact on the state of certain hurricanes, and providing report requirements;
- provides requirements for transparency in rate regulation;
- provides for a website for public access to rate filing information, and providing requirements;
- extends for an additional year the offer of reimbursement coverage for specified insurers;
- revises the qualifying criteria for such insurers; revising provisions to conform;
- deletes cross-references to conform to changes made by the Act; and
- requires insurers to provide notice to mortgage holders or lien holders of certain policies not providing wind coverage for certain structures.

Submitted as:

Florida

Chapter 2008-66

Status: Enacted into law in 2008.