



850230

LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
03/15/2011	.	
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The Committee on Budget (Fasano) recommended the following:

Senate Amendment (with directory and title amendments)

Between lines 249 and 250

insert:

(6) REVENUE BONDS.—

(b) *Emergency assessments*—

1. If the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy, by order, an emergency assessment on direct



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14 premiums for all property and casualty lines of business in this
15 state, including property and casualty business of surplus lines
16 insurers regulated under part VIII of chapter 626, but not
17 including any workers' compensation premiums or medical
18 malpractice premiums. As used in this subsection, the term
19 "property and casualty business" includes all lines of business
20 identified on Form 2, Exhibit of Premiums and Losses, in the
21 annual statement required of authorized insurers by s. 624.424
22 and any rule adopted under this section, except for those lines
23 identified as accident and health insurance and except for
24 policies written under the National Flood Insurance Program. The
25 assessment shall be specified as a percentage of direct written
26 premium and is subject to annual adjustments by the board in
27 order to meet debt obligations. The same percentage shall apply
28 to all policies in lines of business subject to the assessment
29 issued or renewed during the 12-month period beginning on the
30 effective date of the assessment.

31 2. A premium is not subject to an annual assessment under
32 this paragraph in excess of 6 percent of premium with respect to
33 obligations arising out of losses attributable to any one
34 contract year, and a premium is not subject to an aggregate
35 annual assessment under this paragraph in excess of 10 percent
36 of premium. An annual assessment under this paragraph shall
37 continue as long as the revenue bonds issued with respect to
38 which the assessment was imposed are outstanding, including any
39 bonds the proceeds of which were used to refund the revenue
40 bonds, unless adequate provision has been made for the payment
41 of the bonds under the documents authorizing issuance of the
42 bonds.



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43 3. Emergency assessments shall be collected from
44 policyholders. Emergency assessments shall be remitted by
45 insurers as a percentage of direct written premium for the
46 preceding calendar quarter as specified in the order from the
47 Office of Insurance Regulation. The office shall verify the
48 accurate and timely collection and remittance of emergency
49 assessments and shall report the information to the board in a
50 form and at a time specified by the board. Each insurer
51 collecting assessments shall provide the information with
52 respect to premiums and collections as may be required by the
53 office to enable the office to monitor and verify compliance
54 with this paragraph.

55 4. With respect to assessments of surplus lines premiums,
56 each surplus lines agent shall collect the assessment at the
57 same time as the agent collects the surplus lines tax required
58 by s. 626.932, and the surplus lines agent shall remit the
59 assessment to the Florida Surplus Lines Service Office created
60 by s. 626.921 at the same time as the agent remits the surplus
61 lines tax to the Florida Surplus Lines Service Office. The
62 emergency assessment on each insured procuring coverage and
63 filing under s. 626.938 shall be remitted by the insured to the
64 Florida Surplus Lines Service Office at the time the insured
65 pays the surplus lines tax to the Florida Surplus Lines Service
66 Office. The Florida Surplus Lines Service Office shall remit the
67 collected assessments to the fund or corporation as provided in
68 the order levied by the Office of Insurance Regulation. The
69 Florida Surplus Lines Service Office shall verify the proper
70 application of such emergency assessments and shall assist the
71 board in ensuring the accurate and timely collection and



72 remittance of assessments as required by the board. The Florida
73 Surplus Lines Service Office shall annually calculate the
74 aggregate written premium on property and casualty business,
75 other than workers' compensation and medical malpractice,
76 procured through surplus lines agents and insureds procuring
77 coverage and filing under s. 626.938 and shall report the
78 information to the board in a form and at a time specified by
79 the board.

80 5. Any assessment authority not used for a particular
81 contract year may be used for a subsequent contract year. If,
82 for a subsequent contract year, the board determines that the
83 amount of revenue produced under subsection (5) is insufficient
84 to fund the obligations, costs, and expenses of the fund and the
85 corporation, including repayment of revenue bonds and that
86 portion of the debt service coverage not met by reimbursement
87 premiums, the board shall direct the Office of Insurance
88 Regulation to levy an emergency assessment up to an amount not
89 exceeding the amount of unused assessment authority from a
90 previous contract year or years, plus an additional 4 percent
91 provided that the assessments in the aggregate do not exceed the
92 limits specified in subparagraph 2.

93 6. The assessments otherwise payable to the corporation
94 under this paragraph shall be paid to the fund unless and until
95 the Office of Insurance Regulation and the Florida Surplus Lines
96 Service Office have received from the corporation and the fund a
97 notice, which shall be conclusive and upon which they may rely
98 without further inquiry, that the corporation has issued bonds
99 and the fund has no agreements in effect with local governments
100 under paragraph (c). On or after the date of the notice and



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101 until the date the corporation has no bonds outstanding, the
102 fund shall have no right, title, or interest in or to the
103 assessments, except as provided in the fund's agreement with the
104 corporation.

105 7. Emergency assessments are not premium and are not
106 subject to the premium tax, to the surplus lines tax, to any
107 fees, or to any commissions. An insurer is liable for all
108 assessments that it collects and must treat the failure of an
109 insured to pay an assessment as a failure to pay the premium. An
110 insurer is not liable for uncollectible assessments.

111 8. When an insurer is required to return an unearned
112 premium, it shall also return any collected assessment
113 attributable to the unearned premium. A credit adjustment to the
114 collected assessment may be made by the insurer with regard to
115 future remittances that are payable to the fund or corporation,
116 but the insurer is not entitled to a refund.

117 9. When a surplus lines insured or an insured who has
118 procured coverage and filed under s. 626.938 is entitled to the
119 return of an unearned premium, the Florida Surplus Lines Service
120 Office shall provide a credit or refund to the agent or such
121 insured for the collected assessment attributable to the
122 unearned premium prior to remitting the emergency assessment
123 collected to the fund or corporation.

124 10. The exemption of medical malpractice insurance premiums
125 from emergency assessments under this paragraph is repealed May
126 31, 2011 ~~2013~~, and medical malpractice insurance premiums shall
127 be subject to emergency assessments attributable to loss events
128 occurring in the contract years commencing on June 1, 2011 ~~2013~~.

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130 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

131 And the directory clause is amended as follows:

132 Delete lines 221 and 222

133 and insert:

134 subsection (2) and paragraph (b) of subsection (6) of section
135 215.555, Florida Statutes, are amended to read:

136

137 ===== T I T L E A M E N D M E N T =====

138 And the title is amended as follows:

139 Delete line 5

140 and insert:

141 Catastrophe Fund, to exclude certain losses; moving up
142 the date for repealing the exemption for medical
143 malpractice insurance premiums from emergency
144 assessments; providing