

AGENDA
FINANCIAL SERVICES COMMISSION
Office of Insurance Regulation

April 3, 2007

MEMBERS

Governor Charlie Crist
Attorney General Bill McCollum
Chief Financial Officer Alex Sink
Commissioner Charles Bronson

Contact: Chris Bailey
(850-413-2552)

9:00 A. M.
LL-03, The Capitol
Tallahassee, Florida

ITEM	SUBJECT	RECOMMENDATION
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1. Minutes of the Financial Services Commission, February 13, 2007.

(ATTACHMENT 1)

FOR APPROVAL

2. Adoption of proposed amendment to Rule 69O-149.037, Calculation of Premium Rates, F.A.C.

Pursuant to Sections 627.410(6)(a) and 627.6699(6), Florida Statutes, health insurance for small employer groups must be filed with the Office of Insurance Regulation (Office). The existing language of Rule 69O-149.037(4)(b) requires that the rates be filed electronically using software referred to as the Rate Collection Systems (CARES). The proposed amendment will require these rates be filed electronically using the Office's new software, the Small Employer Rate Collection System (SERCS).

(ATTACHMENT 2)

APPROVAL FOR FINAL ADOPTION

3. The Office is requesting that the Commission give approval for publication of Rule 69O-157.301, .302, .303, .304; "Rate Increase Standards", "Facility Only Rates", "Home Health Care Only Rates", and "Comprehensive Only Rates", F.A.C.

Section 627.9407(7)(c), Florida Statutes, provides that rates charged to an insured for renewal of an existing long term care insurance policy may not exceed the price the insurer charges for newly issued policies. The problem this statute addresses relates to "closed blocks" of business. A closed block of business occurs when a particular approved policy is no longer being sold to new customers. There will be a group of insureds who have the insurance, and they will continue to be renewed, but no new customers will be sold that policy. This statute protects those insureds in that closed block by precluding an insurer from having higher renewal rates than its rates for new business.

For insurers that are not currently issuing new policies, the statute requires the Office of Insurance Regulation to establish and publish a "new business rate", above which the renewals cannot be priced.

The new business rate is published annually by the Office of Insurance Regulation, and is determined by reviewing the past year's premium of those carriers which represent 80% of the market share of carriers currently selling long term care products. For example, this means that a carrier may not raise its rates on a policy first purchased in 1990 to a premium level that exceeds the cost of a similar policy which is purchased as a new product in 2007.

This new rule implements this statute by defining terms used in the statute and explaining how calculations are to be done so the insurer can be sure it is in compliance with the statute.

(ATTACHMENT 3)

APPROVAL FOR PUBLICATION