

AGENDA
FINANCIAL SERVICES COMMISSION
Office of Insurance Regulation

February 10, 2009

MEMBERS

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

Contact: Monte Stevens
(850-413-2571)

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

ITEM	SUBJECT	RECOMMENDATION
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1.	Minutes of the Financial Services Commission for December 9, 2008	
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(ATTACHMENT 1)

FOR APPROVAL

2.	Request for Approval to Adopt Proposed Rule 69O-163.0075,.009,.011; Credit Life and Credit Disability	
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There are two major changes in these rules. The reason for these changes is to make the rules comply with recent legislative changes made in House Bill 343 from 2008.

Prior to HB 343, the term of both credit life insurance and credit disability insurance was not to exceed ten years. However, because of a change to section 627.681(2) this prohibition now only applies to credit life insurance; it no longer applies to credit disability insurance. The proposed rule reflects that in the language that has been added to what was subsection (1).

What was subsection (2) in existing Rule 69O-163.0075 has been stricken in the proposed rule because HB 343 struck the language that was the basis for this subsection.

(ATTACHMENT 2)

APPROVAL FOR FINAL ADOPTION

3.	Request for Approval to Adopt Proposed Rule 69O-164.040; Determining Reserve Liabilities for Preneed Life Insurance	
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This proposed rule conforms Florida with the National Association of Insurance Commissioners (NAIC) guidelines relating to reserve liability for Preneed Life Insurance policies. Preneed Life Insurance is a product that is purchased by consumers who seek to pre-fund funeral services before their death. This insurance

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is typically bought in anticipation of impending death, on a guaranteed-issue basis with no underwriting. This differs from “regular” life insurance, where underwriting is an important factor in determining premiums and if coverage will be issued at all.

This rule will help ensure that companies selling this product have adequate reserves to pay for funeral services for their consumers. By conforming the Florida Administrative Code to the NAIC standards for preneed life insurance products, this rule will put Florida in lockstep with other states and reduce the frictional costs of doing business in Florida.

(ATTACHMENT 3)

APPROVAL FOR FINAL ADOPTION

4. Request for Approval for Adoption of Proposed Rule 69O-157.302,.303,.304; Long Term Care, Rates

Section 627.9407(7)(c), F.S., 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 policyholders who continue to be renewed but no new customers will be sold that policy.

This statute protects those policyholders in that closed block by precluding an insurer from having higher renewal rates than its rates for new business. This new rule implements this statute by defining terms used in the statute and explaining how calculations are to be done so the insurer is in compliance with the statute.

(ATTACHMENT 4)

APPROVAL FOR PUBLICATION

5. Request for Approval for Publication of Proposed Rule 69O-149.205,.207;Standard Risk Rates

The Office is required by Section 627.6675(3)(c), F.S., to conduct an annual survey of the individual market and determine “standard risk rates”. These standard risk rates are the average rates charged in the individual market for health insurance. The standard risk rates are used by the health insurers in setting their conversion rates, because pursuant to Section 627.6675(3)(a), F.S., the maximum a health insurer can charge for a conversion policy is 200% of the standard risk rate.

(ATTACHMENT 5)

APPROVAL FOR PUBLICATION

6. Request for Approval for Publication of Proposed Rule 69O-149,.003,.005,.007; Health Rate Filing Standards

Florida law requires that rates for health insurance are reasonable in relation to the benefits being provided. These rules establish guidelines for insurers so they can be

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assured the rates they charge comply with this mandate. There are three amendments to the rules. The first establishes rules for pooling of cancer claims. The second prohibits an insurer from knowingly pricing an individual rate to be charged to a consumer to be excessive. The third tightens up the requirements for rate certifications, to make sure that when an insurer annually states that its rates meet Florida law, that statement is true. The rule does this by setting forth the steps an insurer must take if the Office determines a rate certification was inaccurate. Pursuant to the rule, using rates that have been certified to meet the standards of law and rule, but which are determined to not meet such standards, constitutes an unfair and deceptive trade practice in violation of Section 626.9541(1)(e).

(ATTACHMENT 6)

APPROVAL FOR PUBLICATION