

**AGENDA  
FINANCIAL SERVICES COMMISSION  
Office of Insurance Regulation**

**June 9, 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

<u>ITEM</u>	<u>SUBJECT</u>	<u>RECOMMENDATION</u>
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1. Request for Approval for Adoption of Proposed Rule 69O-149.205; Standard Risk Rates

The Office is required by Section 627.6675(3)(c), F.S., to conduct an annual survey of the individual market (as contrasted with the group 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. The annual survey is conducted for PPO/EPO, Indemnity and HMO policies separately.

The rates for indemnity benefit plans set out in the existing rule have been determined by the Office to be unreasonably high, due to the inclusion in the survey of an out of state company that is no longer writing insurance in this state. The Office does not regulate the rates of out of state companies. Because inclusion of this company's rate has skewed the results of the survey, the rates in this rule amendment have been recalculated without this company's rates. The standard risk rates for indemnity plans in this amended rule are more reasonable.

**(ATTACHMENT 1)**

**APPROVAL FOR FINAL ADOPTION**

2. Request for Approval for Publication of Proposed Rule 69O-189.003; Workers' Compensation; Application and Audit Procedures

The National Council on Compensation Insurance (NCCI) is a U.S. insurance rating and data collection bureau specializing in workers' compensation. Operating with a not-for-profit philosophy and owned by its member insurers, NCCI annually collects data covering more than four million workers' compensation claims and two million policies. NCCI provides data

and analysis to insurance companies, state workers' compensation insurance funds, regulatory authorities, employers needing information on workers' compensation issues, and non-governmental workers' compensation agencies.

Pursuant to Section 440.381, F.S., the Financial Services Commission is to promulgate rules for applications for workers' compensation coverage, and for audits of payroll and classifications of workers. In 2008, NCCI filed with the Office, on behalf of its carriers, a proposal for a rule addressing these matters. This proposed rule is based on NCCI's proposal.

The proposed rule allows electronic signatures in the application for workers' compensation coverage and in the annual audit so long as the electronic signature process complies with Florida's Uniform Electronic Transaction Act as provided Chapter 668, F.S. The current rule incorporates NCCI publications by reference. The proposed rule explicitly provides the procedures for the audits required by the current rule..

The proposed rule also raises the threshold for an onsite audit from \$5,000 to \$10,000. Any audit for under \$10,000 will be handled by a mail audit, to save costs both for the employer and the carrier.

**(ATTACHMENT 2)**

**APPROVAL FOR PUBLICATION**

3. Request for Approval for Publication of Proposed Rule 69O-156, Part 1; Requirements of Medicare Supplement Insurance

On September 24, 2008, the National Association of Insurance Commissioners (NAIC) adopted revisions to the *NAIC Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act*. The revised NAIC model regulation includes major changes to Medicare Supplement plans and benefits first approved by the NAIC in March 2007, and authorized by the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA). In addition, the model revisions contain changes required by the Genetic Information Nondiscrimination Act of 2008 (GINA). States must adopt the NAIC model revisions in order to continue to regulate the Medigap market. Revisions must be adopted by September 24, 2009. (Medicare Supplement plans are commonly referred to as Medigap.)

**(ATTACHMENT 3)**

**APPROVAL FOR PUBLICATION**