

**AGENDA**  
**FINANCIAL SERVICES COMMISSION**  
**Office of Insurance Regulation**  
**Materials Available on the Web at:**  
**[www.floir.com/fsc.aspx](http://www.floir.com/fsc.aspx)**

**March 9, 2011**

**MEMBERS**

Governor Rick Scott  
Attorney General Pam Bondi  
Chief Financial Officer Jeff Atwater  
Commissioner Adam Putnam

**Contact: Ashlee Falco**  
**(850-413-5069)**

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

<b>ITEM</b>	<b>SUBJECT</b>	<b>RECOMMENDATION</b>
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1. Minutes of the Financial Services Commission for November 9, 2010.

**(ATTACHMENT 1)**

**FOR APPROVAL**

2. Request for Approval for Publication of Amendments to Proposed Rule 69O-138.001; NAIC Financial Condition Examiners Handbook Adopted

Section 624.316, Florida Statutes, requires the Office to examine the financial condition of insurers using generally accepted accounting procedures. In order to ease the regulatory burden on companies, the statute allows the Financial Services Commission (FSC) to facilitate state to state uniformity in examinations by adopting the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook to facilitate these exams.

The NAIC handbook is used by all 50 states and every year the NAIC adopts a new handbook that simply updates the standards used for the exams. By adopting the newest version of the handbook, this rule ensures that the procedures used by the Office to examine insurers are the current generally accepted accounting practices, and allows companies to lower costs related to the examination process.

**(ATTACHMENT 2)**

**APPROVAL FOR PUBLICATION**

3. Request for Approval for Publication of Amendments to Proposed Rule 69O-137.001; Annual and Quarterly Reporting Requirements

Section 624.424, Florida Statutes, requires insurers to file quarterly and annual financial reports with the Office of Insurance Regulation and provides that the FSC may, to facilitate state to state uniformity, adopt by rule the forms adopted by the NAIC.

Each year the NAIC adopts new forms and the Office brings these forms to the FSC for adoption in order to provide nationwide uniformity to insurers.

The NAIC reporting forms are used by all 50 states and every year the NAIC adopts new forms that simply update information filed by companies. By adopting the newest version of the handbook, this rule ensures that the procedures used by insurers to file with the Office are in lock-step with the rest of the country, thus lowering the frictional cost of doing business in the state.

**(ATTACHMENT 3)**

**APPROVAL FOR PUBLICATION**

**Minutes of the Financial Services Commission  
November 9, 2010**

<i>Members</i> Charlie Crist, Governor Alex Sink, Chief Financial Officer Bill McCollum, Attorney General Charles Bronson, Agriculture Commissioner	Presented by: Kevin McCarty Cabinet Meeting Room, Lower Level, The Capitol Tallahassee, Florida 32399
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**Item 1: Request for Approval of the Adoption of the Minutes of the Financial Services Commission for August 10, 2010**

Upon motion by Attorney General Bill McCollum and seconded by Agriculture Commissioner Charles Bronson, the item was approved.

**Item 2: Request for Approval for Publication of Amendments to Proposed Rule 690-170.0155; Uniform Mitigation Verification Inspection Form OIR-B1-1802**

Upon motion by Attorney General Bill McCollum and seconded by Chief Financial Officer Alex Sink, the item was approved.

**Item 3: Update on Second Quarter Surplus and Underwriting Results for Florida's Property Insurance Marketplace, and the Results of the Sinkhole Data Call**

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**M E M O R A N D U M**

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**DATE:** February 14, 2011  
**TO:** Kevin M. McCarty, Commissioner, Office of Insurance Regulation  
**THROUGH:** Belinda Miller, General Counsel  
**FROM:** Dennis Threadgill  
Bob Prentiss  
**SUBJECT:** Cabinet Agenda for March 9, 2011  
Request for Approval to Publish Amendments to  
Rule 69O-138.001  
Assmt. # 113028-10


The Office of Insurance Regulation requests that these proposed rule amendments be presented to the Cabinet aides on or before March 2, 2011 and to the Financial Services Commission on March 9, 2011, with a request to approve for publication the proposed rules.

Section 624.316, Florida Statutes, requires the Office to examine insurers' financial condition using generally accepted accounting procedures. This statute also allows the Office to adopt the NAIC Financial Condition Examiners Handbook to facilitate these exams. By adopting the newest version of the handbook, this rule ensures that the procedures used by the Office to examine insurers are the current generally accepted accounting practices.

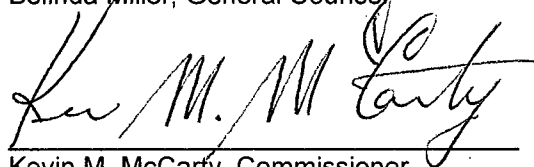
Sections 624.308(1), 624.316(1)(c), F.S., provide rulemaking authority and laws implemented for this rule.

Jason Nelson is the attorney handling this rule. Attached are: 1) the proposed rule(s), 2) any incorporated materials, such as forms; and 3) copies of the rulemaking statutory authority and law implemented.

Approved for signature:

  
\_\_\_\_\_  
Belinda Miller, General Counsel

Approved for submission to Financial Services  
Commission:

  
\_\_\_\_\_  
Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

THE FULL TEXT OF THE PROPOSED RULE IS:

690-138.001 NAIC Financial Condition Examiners Handbook Adopted.

~~(1)(a) The National Association of Insurance Commissioners Financial Condition Examiners Handbook (2006) is hereby adopted and incorporated by reference.~~

~~(b) The National Association of Insurance Commissioners Financial Condition Examiners Handbook 2010 2009 is hereby adopted and incorporated by reference.~~

(2) – (3) No change.

Rulemaking Specific Authority 624.308(1), 624.316(1)(c) FS. Law Implemented

624.316(1)(c) FS. History—New 3-30-92, Amended 4-9-97, 4-4-99, 11-30-99, 2-11-01, 12-25-01, 8-18-02, 7-27-03, Formerly 4-138.001, Amended 1-6-05, 9-15-05, 1-25-07, 3-16-08, 3-4-09, 1-4-10, \_\_\_\_\_.

**624.308 Rules.--**

- (1) The department and the commission may each adopt rules pursuant to ss. 120.536(1) and 120.54 to implement provisions of law conferring duties upon the department or the commission, respectively.

**624.316 Examination of insurers.—**

- (1)(c) The office shall examine each insurer according to accounting procedures designed to fulfill the requirements of generally accepted insurance accounting principles and practices and good internal control and in keeping with generally accepted accounting forms, accounts, records, methods, and practices relating to insurers. To facilitate uniformity in examinations, the commission may adopt, by rule, the Market Conduct Examiners Handbook and the Financial Condition Examiners Handbook of the National Association of Insurance Commissioners, 2002, and may adopt subsequent amendments thereto, if the examination methodology remains substantially consistent.

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**M E M O R A N D U M**

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**DATE:** February 24, 2011  
**TO:** Kevin M. McCarty, Commissioner, Office of Insurance Regulation  
**THROUGH:** Belinda Miller, General Counsel  
**FROM:** Dennis Threadgill  
Bob Prentiss  
**SUBJECT:** Cabinet Agenda for March 9, 2011  
Request for Approval to Publish Amendments to  
Rule 69O-137.001  
Assmt. # 113027-10

The Office of Insurance Regulation requests that these proposed rule amendments be presented to the Cabinet aides on or before March 2, 2011 and to the Financial Services Commission on March 9, 2011, with a request to approve for publication the proposed rules.

Section 624.424, Florida Statutes, requires insurers to file quarterly and annual financial reports with the Office of Insurance Regulation. The statute further provides that to facilitate state to state uniformity, the Commission may adopt the financial statements adopted by the NAIC. The Commission does this every year. This rule adopts the 2010 versions of the manuals.

Sections 624.308(1), 624.424(1), F.S., provide rulemaking authority and laws implemented for this rule.

Jason Nelson is the attorney handling this rule. Attached are: 1) the proposed rule(s), 2) any incorporated materials, such as forms; and 3) copies of the rulemaking statutory authority and law implemented.



Approved for signature:



Belinda Miller, General Counsel

Approved for submission to Financial Services  
Commission:



Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

THE FULL TEXT OF THE PROPOSED RULE IS:

690-137.001 Annual and Quarterly Reporting Requirements.

(1) through (3) No change

(4) Manuals Adopted

(a) Annual statements shall be prepared in accordance with the following manuals, which are hereby adopted and incorporated by reference:

1. The NAIC's Annual Statement Instructions, Property and Casualty, 2010 ~~2009~~;
2. The NAIC's Annual Statement Instructions, Life, Accident and Health, 2010 ~~2009~~;
3. The NAIC's Annual Statement Instructions, Health, 2010 ~~2009~~;
4. The NAIC's Annual Statement Instructions, Title, 2010 ~~2009~~; and
5. The NAIC's Accounting Practices and Procedures Manual, as of March 2010 ~~2009~~.

(b) Quarterly statements shall be prepared in accordance with the following manuals, which are hereby adopted and incorporated by reference:

1. The NAIC's Quarterly Statement Instructions, Property and Casualty, 2010 ~~2009~~;
2. The NAIC's Quarterly Statement Instructions, Life, Accident and Health, 2010 ~~2009~~;
3. The NAIC's Quarterly Statement Instructions, Health, 2010 ~~2009~~;
4. The NAIC's Quarterly Statement Instructions, Title, 2010 ~~2009~~; and

5. The NAIC's Accounting Practices and Procedures Manual, as of March 2010  
2009.

(c) No change

Rulemaking Specific Authority: 624.308(1), 624.424(1), F.S. Law implemented:

624.424(1), F.S. History--New 3-31-92, Amended 8-24-93, 4-9-95, 4-9-97, 4-4-99, 11-30-99, 2-11-01, 4-5-01, 12-4-01, 12-25-01, 8-18-02, 7-27-03, Formerly 4-137.001, Amended 1-6-05, 9-15-05, 1-25-07, 3-16-08, 3-4-09, 1-4-10, \_\_\_\_\_.

**624.308 Rules.--**

- (1) The department and the commission may each adopt rules pursuant to ss. 120.536(1) and 120.54 to implement provisions of law conferring duties upon the department or the commission, respectively.

**624.424 Annual statement and other information.--**

(1)(a) Each authorized insurer shall file with the office full and true statements of its financial condition, transactions, and affairs. An annual statement covering the preceding calendar year shall be filed on or before March 1, and quarterly statements covering the periods ending on March 31, June 30, and September 30 shall be filed within 45 days after each such date. The office may, for good cause, grant an extension of time for filing of an annual or quarterly statement. The statements shall contain information generally included in insurers' financial statements prepared in accordance with generally accepted insurance accounting principles and practices and in a form generally utilized by insurers for financial statements, sworn to by at least two executive officers of the insurer or, if a reciprocal insurer, by the oath of the attorney in fact or its like officer if a corporation. To facilitate uniformity in financial statements and to facilitate office analysis, the commission may by rule adopt the form for financial statements approved by the National Association of Insurance Commissioners in 2002, and may adopt subsequent amendments thereto if the methodology remains substantially consistent, and may by rule require each insurer to submit to the office or such organization as the office may designate all or part of the information contained in the financial statement in a computer-readable form compatible with the electronic data processing system specified by the office.

(b) Each insurer's annual statement must contain a statement of opinion on loss and loss adjustment expense reserves made by a member of the American Academy of Actuaries or by a qualified loss reserve specialist, under criteria established by rule of the commission. In adopting the rule, the commission must consider any criteria established by the National Association of Insurance Commissioners. The office may require semiannual updates of the annual statement of opinion as to a particular insurer if the office has reasonable cause to believe that such reserves are understated to the extent of materially misstating the financial position of the insurer. Workpapers in support of the statement of opinion must be provided to the office upon request. This paragraph does not apply to life insurance or title insurance.

(c) The commission may by rule require reports or filings required under the insurance code to be submitted by electronic means in a computer-readable form compatible with the electronic data processing equipment specified by the commission.