



FILED

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INSURANCE REGULATION
Docketed by: *W*

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 263377-20

RATING STANDARDS FOR SPECIFIC
COMMERCIAL RISKS

FINAL ORDER EXEMPTING SPECIFIC COMMERCIAL RISKS FROM THE
RATING REQUIREMENTS OF SECTIONS 627.062(2)(a) & (2)(f), FLORIDA STATUTES

The FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") oversees rates for all property, casualty, and surety insurance written on risks in Florida, to ensure that premiums for such coverages are not excessive, inadequate, or unfairly discriminatory. Certain types of commercial lines are exempt from the rate filing standards established at Sections 627.062(2)(a) and (2)(f), Florida Statutes; further, Section 627.062(3)(d)1.q., Florida Statutes, provides the OFFICE authority to exempt additional coverages if such exemption will improve the OFFICE's operational efficiency. Having considered the statutory authority related to certain commercial coverages, and being otherwise fully advised in the premises, the OFFICE finds as follows:

1. The OFFICE has jurisdiction over the subject matter of this Order and the affected parties.
2. Certain commercial risks may be exempt from the rate filing requirements of Sections 627.062(2)(a) and (2)(f), Florida Statutes, if the OFFICE determines that a particular type of insurance has a competitive market, is similar to a coverage that is statutorily exempt, or

the exemption would improve the general operational efficiency of the OFFICE. § 627.062(3)(d)1., Fla. Stat.

3. When a commercial risk is exempt from the rate filing requirements of Sections 627.062(2)(a) and (2)(f), Florida Statutes, the insurer or rating organization must nonetheless submit an informational filing within 30 days of a rate's effective date. § 627.062(3)(d)3. & 4., Fla. Stat.

4. Informational filings are subject to examination by the OFFICE within two years of the proposed effective date. § 627.062(3)(d)3. & 4., Fla. Stat.

5. No rate may be excessive, inadequate, or unfairly discriminatory. § 627.062(1), Fla. Stat.

6. In general, consumers of commercial insurance products are sophisticated parties, and are more experienced in insurance transactions than consumers of personal lines insurance products.

7. Due to the sophistication of commercial insurance consumers, and the need to make products available to the commercial marketplace in a timely manner, the OFFICE finds that the review and approval of the changes in rates, rating schedules, or rating manuals for the following commercial lines is unnecessary:

a. Cyber liability, which provides coverage against data losses caused by cyber-attacks, viruses, and other threats, and also covers lawsuits against the policyholder from such data breaches or the failure to protect sensitive information;

b. Provider excess loss insurance, which covers the risk that a health-care provider group assumes under a capitation agreement with a managed care organization and

protects the provider group from significant financial impacts caused by individual catastrophic cases;

c. Trade credit insurance, which protects a policyholder's accounts receivable from loss due to credit risks such as protracted default, insolvency or bankruptcy, and can include political risk insurance, which insures the risk of non-payment by foreign buyers due to currency issues, political unrest, and expropriation; and

d. Liquor liability insurance, which protects the policyholder from claims that arise when a patron becomes intoxicated and injures themselves or others.

8. Requiring informational filings for rates related to the aforementioned commercial risks will improve the general operational efficiency of the OFFICE.

WHEREFORE, as of the date of this Final Order, rate filings for the aforementioned commercial risks (cyber liability, provider excess loss insurance, trade credit and political risk insurance, and liquor liability) shall be exempt from the filing requirements of Sections 627.062(2)(a) and (2)(f), Florida Statutes, pursuant to Section 627.062(3)(d)1, Florida Statutes.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 25 day of June, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Any party adversely affected by this final order may seek judicial review as provided in Section 120.68, Florida Statutes, and Florida Rule of Appellate Procedure 9.190. Judicial review is instituted by filing a notice of appeal with the Agency Clerk, and a copy of the notice of appeal, accompanied by the filing fee, with the appropriate District Court of Appeal. The notice of appeal must conform to the requirements of Florida Rule of Appellate Procedure 9.110(d) and must be filed (i.e., received by the Agency Clerk) within thirty (30) days of rendition of this final order.

Filing with the Office's Agency Clerk may be accomplished by U.S. Mail, express overnight delivery, or hand delivery. Facsimile transmissions and electronic filings are not accepted. The address for delivery is Anoush Arakalian Brangaccio, General Counsel, Office of Insurance Regulation, 200 East Gaines Street, Tallahassee, Florida 32399-4206.

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