

AGENDA
FINANCIAL SERVICES COMMISSION
Office of Insurance Regulation
Materials Available on the Web at:

<http://www.floir.com/Sections/GovAffairs/FSC.aspx>

October 27, 2015

MEMBERS

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

Contact: Karen Kees
(850-413-2474)

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 September 29, 2015.

<http://www.myflorida.com/myflorida/cabinet/agenda15/0929/transcript.pdf>

(ATTACHMENT 1)

FOR APPROVAL

2. Approval of Appointments to the Workers' Compensation Joint Underwriting Association Board of Governors

Pursuant to Section 627.311 (5)(b), Florida Statutes, there are nine members of the Florida Workers' Compensation Joint Underwriting Association (FWCJUA) Board of Governors; eight of the members shall be appointed by the Financial Services Commission. The current Board members' terms expired on June 30, 2015.

(ATTACHMENT 2)

FOR APPROVAL

3. Office of Insurance Regulation Quarterly Report (FY 2015-16, Quarter 1)

(ATTACHMENT 3)

STATE OF FLORIDA

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IN RE: MEETING OF THE GOVERNOR AND
CABINET

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CABINET MEMBERS: GOVERNOR RICK SCOTT
ATTORNEY GENERAL PAM BONDI
CHIEF FINANCIAL OFFICER
JEFF ATWATER
COMMISSIONER OF AGRICULTURE
ADAM PUTNAM

DATE: TUESDAY, SEPTEMBER 29, 2015

LOCATION: CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
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OFFICE OF INSURANCE REGULATION

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3 GOVERNOR SCOTT: Next we would like to
4 recognize Kevin McCarty with the Office of
5 Insurance Regulation.

6 Good morning, Kevin.

7 COMMISSIONER McCARTY: Good morning.

8 Good morning, Governor, and members of the
9 Financial Services Commission. We have five items
10 for your consideration today.

11 Agenda Item Number 1 is for the approval of
12 the minutes from the August 5th, 2015, meeting of
13 the Financial Services Commission.

14 GOVERNOR SCOTT: Is there a motion on the
15 item?

16 ATTORNEY GENERAL BONDI: So moved.

17 GOVERNOR SCOTT: Is there a second?

18 COMMISSIONER PUTNAM: Second.

19 GOVERNOR SCOTT: Any comments or objections?

20 (NO RESPONSE).

21 GOVERNOR SCOTT: Hearing none, the motion
22 carries.

23 COMMISSIONER McCARTY: With respect to Item
24 Number 2 is a request for approval for the office
25 to enter into a contract with a proposed consultant

1 to conduct a comprehensive review of the workers'
2 compensation peer review. Florida law requires
3 that on every other year that the Financial
4 Services Commission enter into a contract for an
5 independent actuarial evaluation to analyze the
6 ratemaking process of licensed rating organizations
7 that make rate filings on behalf of our insurance
8 industry who work on workers' compensation in the
9 State of Florida.

10 The NCCI, the National Council on Compensation
11 Insurance, is responsible for collecting and
12 analyzing our data, as well as proposing rate
13 changes on behalf of our insurance companies for
14 our state.

15 By law, the contract requires the submission
16 of a final report to be submitted to you, the
17 members of the Commission; as well as the President
18 of the Senate; the Speaker of the House by
19 February 1st, 2016. The Office has conducted a
20 formal request for quote process in order to meet
21 the statutory requirement.

22 It is recommended that the Office, on behalf
23 of the Financial Services Commission, enter into an
24 agreement, as we have presented in your materials,
25 to be awarded to Oliver Wyman actuarial consultant,

1 to conduct that peer review.

2 Oliver Wyman received the highest score of the
3 eight respondents that responded to the request for
4 quotes, and the proposal is for \$15,000.

5 GOVERNOR SCOTT: All right. Is there a motion
6 on the item?

7 ATTORNEY GENERAL BONDI: So moved.

8 GOVERNOR SCOTT: Is there a second?

9 CFO ATWATER: Second.

10 GOVERNOR SCOTT: Any comments or objections?

11 (NO RESPONSE).

12 GOVERNOR SCOTT: Hearing none, the motion
13 carries.

14 COMMISSIONER McCARTY: Thank you, Governor.

15 Item Number 3 is request for approval for
16 publication of Rule 690-154.202, 203, and 204
17 concerning long-term morbidity tables. Over time
18 mortality and morbidity tables change and reflect
19 changes of anticipated mortality or morbidity.

20 The National Association of Insurance
21 Commissioners has adopted updated morbidity tables
22 applicable to long-term disability. The rule is
23 amended to adopt the most updated morbidity tables
24 to be used for development of rates and benefits in
25 the State of Florida.

1 GOVERNOR SCOTT: Is there a motion on the
2 item?

3 ATTORNEY GENERAL BONDI: So moved.

4 GOVERNOR SCOTT: Is there a second?

5 COMMISSIONER PUTNAM: Second.

6 GOVERNOR SCOTT: Any comments or objections?

7 (NO RESPONSE) .

8 GOVERNOR SCOTT: Hearing none, the motion
9 carries.

10 COMMISSIONER McCARTY: Regarding Item Number 4
11 is request for approval for final adoption of the
12 repeal of Rule 690-157.302, '3, and '4 on long-term
13 care rates. These rates -- these rules are being
14 repealed, and the long-term care facility-only
15 rates, home healthcare rates, as well as
16 comprehensive rates will now be published on an
17 annual basis on the Florida Office of Insurance
18 Regulation's website to facilitate a more robust
19 and responsive updating of the most recent
20 published new business rates. The new business
21 rates are determined and prescribed by statute and
22 is not required to be adopted by rule.

23 GOVERNOR SCOTT: All right. Is there a motion
24 on the item?

25 ATTORNEY GENERAL BONDI: So moved.

1 GOVERNOR SCOTT: Is there a second?

2 CFO ATWATER: Second.

3 GOVERNOR SCOTT: Any other comments or
4 objections?

5 (NO RESPONSE).

6 GOVERNOR SCOTT: Hearing none, the motion
7 carries.

8 COMMISSIONER McCARTY: Our last item today,
9 Governor, is the request for approval for final
10 adoption of proposed amendments to Rule 690-166.031
11 having to do with mediation of property insurance
12 claims. The rule governs administrative
13 requirements for Florida law regarding mediation of
14 residential and commercial property insurance
15 claims.

16 The Department of Financial Services has the
17 statutory obligation for this program, and adopted
18 by their rule; therefore, the revised OIR rule
19 simply cross-references the jurisdictions of the
20 Department of Financial Services' rule and
21 maintains a penalty for any insurer who fails to
22 comply with the required mediation conference.

23 GOVERNOR SCOTT: All right. Is there a motion
24 on the item?

25 ATTORNEY GENERAL BONDI: So moved.

1 GOVERNOR SCOTT: Is there a second?

2 CFO ATWATER: Second.

3 GOVERNOR SCOTT: Any other comments or
4 objections?

5 (NO RESPONSE).

6 GOVERNOR SCOTT: Hearing none, the motion
7 carries.

8 COMMISSIONER McCARTY: Thank you, Governor,
9 members of the Commission.

10 GOVERNOR SCOTT: Thanks, Kevin.

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Florida Workers' Compensation Joint Underwriting Association, Inc. (FWCJUA)
Board of Governors
Appointments for Consideration

Background Summary

- The operation of the FWCJUA, a non-profit entity, is subject to the supervision of a nine-member Board of Governors.
- Eight board members are appointed by, and serve at the pleasure of the Financial Services Commission pursuant to section 627.311(5), Florida Statutes. These include three at-large members, two domestic insurer representatives, two foreign insurer representatives, and one representative from the largest property and casualty insurance agents' association in Florida (this is the Florida Association of Insurance Agents).
- The ninth board member is the insurance consumer advocate appointed by the Chief Financial Officer, or his designee, under section 627.0613, Florida Statutes.
- Each Board member serves a term of four years, with the most recent term expiring on June 30, 2015.
- The new four-year terms began on July 1, 2015.

FWCJUA Board Nominees for Consideration for Each Open Board Seat
(Office Recommendations)

Domestic Insurer Seat 1 Thomas A. Koval, FCCI Insurance Group
Domestic Insurer Seat 2 Steven T. Solomon, WorkComp Partners
Foreign Insurer Seat 1 James P. Ward, The Hartford Insurance Company
Foreign Insurer Seat 2 Mark R. Hogle, Employers Insurance Company
FAIA Seat Robert T. Moore, Corporate Insurance Advisors, LLC
At Large Seat 1 Charlie Clary, DAG Architects
At Large Seat 2 Claude Revels, JM Family Enterprises, Inc.
At Large Seat 3 Vacant

**Highlighted names are current board members.*



FLORIDA OFFICE OF
INSURANCE REGULATION



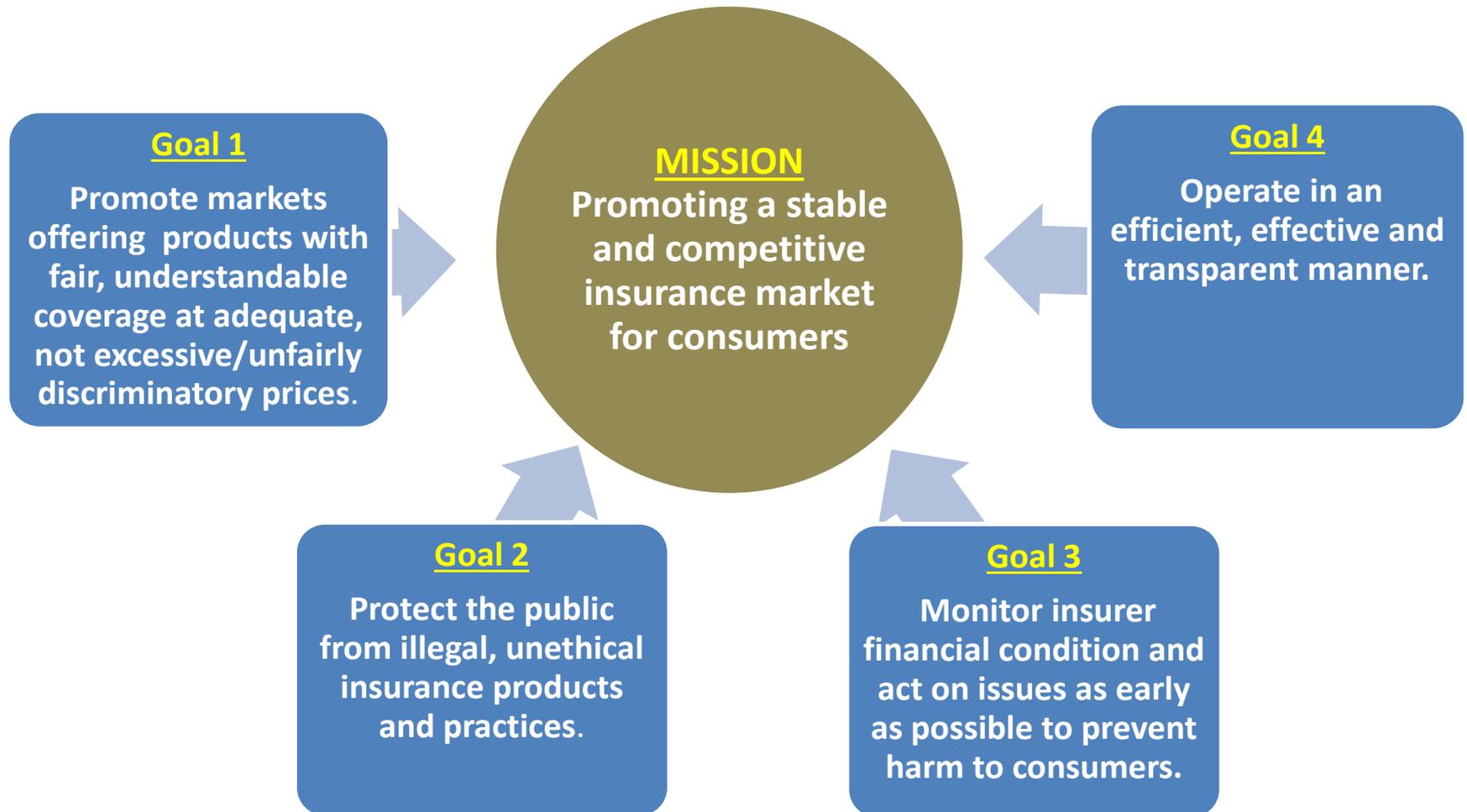
Performance Report to the Financial Services Commission

Fiscal Year 2015 - First Quarter (July 1 – September 30)

Presentation by
Commissioner Kevin M. McCarty

October 27, 2015

Defining Success



Challenges and Opportunities

Challenges

- Guiding health markets through federal regulatory changes
- Cybersecurity
- New business models
- Fostering a private flood insurance marketplace
- Moving from a formulaic to risk-based regulation

Opportunities

- Modernization of standards
- Enhancing consumer confidence/stress testing
- 2nd Generation “Big Data”
- Regulatory convergence



Selected Activities and Accomplishments

Fiscal Year 2015 Q1

LIFE AND HEALTH

- | | |
|---|--|
| <ul style="list-style-type: none"> • Federal health care reform rate reviews • Health premium and enrollment analysis • Over \$26.9M in consumer recoveries reported as a result of life claims settlements for 600+ Florida beneficiaries | <ul style="list-style-type: none"> • Innovations to reduce Medicare costs • NAIC Senior Issues Task Force • Discriminatory practices associated with HIV/AIDS formulary coverage • Balance billing |
|---|--|

PROPERTY AND CASUALTY

- | | |
|---|--|
| <ul style="list-style-type: none"> • P&C insurer reinsurance data call/catastrophe stress testing • Federal flood insurance program/request for data for analysis and rate review • NCCI workers' compensation rate filing | <ul style="list-style-type: none"> • Over 576,000 policies for take-out • Title insurance data call • Medical Malpractice Annual Report • Assignment of benefits study • Citizens' annual rate filing |
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MARKET DEVELOPMENT

- | | |
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| <ul style="list-style-type: none"> • Three new P&C insurers and one new health maintenance organization | <ul style="list-style-type: none"> • NAIC Interim Annual Accreditation Review • P&C insurer re-domesticated to Florida |
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Quantitative Performance Score

Fiscal Year 2015 Q1



Expectations	Score
Significantly Exceeds	4.6 and above
Exceeds	3.6 - 4.5
Meets	2.6 – 3.5
Does Not Meet	1.6 – 2.5
Fails	1.5 and below



Quantitative Performance Measure Detail

Fiscal Year 2015 Q1

#	Measure	Result	Score
1	% of applications for a new certificate of authority and new types of insurance added to an existing certificate of authority within 90 days	100.0%	5
2	% of life and health form and rate filing reviews completed within 45 days	99.7%	5
3	% of property and casualty form filing reviews completed within 45 days	100.0%	5
4	% of property and casualty rate filing reviews completed within 90 days	99.8%	5
5	% of market conduct exams with violations in which the Office requires companies to remediate	100.0%	5
6	% of financial exams of domestic insurers completed within 18 months of the "as of" exam date	None due to be completed. 100% for Q4, FY 2014.	
7	% of Life and Health priority financial examinations of domestic insurers completed within 18 months of the "as of" exam date	None due to be completed. 100% for Q4, FY 2014.	
8	% of Property and Casualty priority financial examinations of domestic insurers completed within 18 months of the "as of" exam date	None due to be completed. 100% for Q4, FY 2014.	
9	% of priority financial analyses completed within 60 days	100.0%	5
10	% of non-priority financial analyses completed within 90 days	99.9%	4
Overall Score			4.86

Note: Scoring is based on the scale adopted by the Financial Services Commission, with 1 being lowest and 5 being highest, and each measure of equal weight.

