

AGENDA
FINANCIAL SERVICES COMMISSION
Office of Insurance Regulation
Materials Available on the Web at:
www.floir.com/fsc.aspx

January 26, 2010

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. | Minutes of the Financial Services Commission for November 17, 2009. | |
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(ATTACHMENT 1)

FOR APPROVAL

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| 2. | Request for Approval for Adoption of Amendments to Proposed Rule 690-189.003; Workers' Compensation; Application and Audit Procedures. | |
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The National Council on Compensation Insurance (NCCI) is a not-for-profit entity that is 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 FINAL ADOPTION

3. Request for Approval for Publication of Proposed Rule 69O-137.002; Model Audit Rule

During the 2009 Legislative Session, Section 624.424, F.S. was amended to require the Office to adopt rules "in substantial conformity with the 1998 Model Rule Requiring Annual Audited Financial Reports adopted by the NAIC, *or subsequent amendments.*"

This proposed item amends the Office's current audit rule to make it substantially conform with the National Association of Insurance Commissioners' (NAIC) current model. Interstate uniformity reduces the frictional cost of doing business in Florida. Substantial conformity to the model audit rule is also required for NAIC accreditation.

(ATTACHMENT 3)

APPROVAL FOR PUBLICATION

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

Paragraph 627.9407(7)(c), F.S., regarding long-term care insurance, requires that any premium increase for *existing* consumers not result in a cost that exceeds the premium charged on a newly issued policy.

The paragraph further provides that if the insurer is not issuing new coverage, the new business rate shall be as published by the Office, at the rate representing the new business rate of insurers representing 80% of the carriers currently offering policies with similar coverage, as determined by the prior calendar year earned premium.

In simple terms, every year the Office does a survey of companies issuing new long-term care policies and determines the "new business rate", categorized by geographical area, and type of long-term care policy.

This item pertains to Facility Only Rates, Home Health Care Only Rates, and Comprehensive Only Rates, respectively, and requests amendments to publish the new business rates that will be effective for 2010.

(ATTACHMENT 4)

APPROVAL FOR PUBLICATION

**Minutes of the Financial Services Commission
November 17, 2009**

<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 for Adoption Minutes of the Financial Services Commission for August 11, 2009 and September 15, 2009

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

Item 2: Request for Approval for Adoption of Amendments to Proposed Rule 69O-156 Part 1; Medicare Supplement Insurance

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

Item 3: Request for Approval for Adoption of Amendments to Proposed Rule 69O-137.001; Annual and Quarterly Reporting Requirements

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

Item 4: Request for Approval for Adoption of Amendments to Proposed Rule 69O-138.001; NAIC Financial Condition Examiners Handbook Adopted

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

Item 5: Request for Approval for Publication of Proposed Rule 69O-170.0155; Form OIR-B1-1655 Notice of Premium Discounts for Hurricane Loss Mitigation

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

Item 6: Request for Approval for Publication of Proposed Rule 69O-170.0155; Form OIR-B1-1802 Uniform Mitigation Verification Inspection

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

**Minutes of the Financial Services Commission
November 17, 2009**

Item 7: Request by the Office and the Office of the Consumer Advocate for Approval for Publication of Proposed Rule 69O-236.001; Annual Report Card

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

Item 8: Approval of the Office of Insurance Regulation to Contract with the Proposed Vendor to Conduct the Workers' Compensation Peer Review

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

M E M O R A N D U M

DATE: January 12, 2010
TO: Kevin M. McCarty, Commissioner, Office of Insurance Regulation
THROUGH: Steven H. Parton, General Counsel
FROM: Dennis Threadgill
Bob Prentiss *BP*
SUBJECT: Cabinet Agenda for January 26, 2010
Request for Final Approval to Adopt Amendments to
Rule 69O-189.003; Workers Compensation; Application and Audit Procedures
Assmt. 44290

The Office of Insurance Regulation requests that these proposed rule amendments be presented to the Cabinet aides on or before January 20, 2010 and to the Financial Services Commission on January 26, 2010, with a request for Final Approval to Adopt the proposed rules. A notice of the Commission Final Rule Hearing was published in the *Florida Administrative Weekly* on November 25, 2009.

The notice of proposed rules was published June 26, 2009 in Volume 35, No. 25, of the *Weekly*. The hearing was not requested, therefore, the hearing was not held. There was one Notice of Change published in Vol. 36, No. 01.

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 in Parts I and II of Chapter 668, Florida Statutes. The current rule incorporates certain parts of the NCCI publications by reference, which provide the procedures for the audits required by this rule. The proposed rule explicitly provides those audit procedures that under the old rule were incorporated by reference. The proposed rule also raises the audit threshold from \$5,000 to \$10,000 for a physical, rather than a mail audit, which will lower costs for both the insurers and the employers.

Sections 624.308 and 440.381, F.S., provide rulemaking authority and laws implemented for this rule.

The Legal Services Office has communicated with the Joint Administrative Procedures Committee, and ascertained that their review of the rules has been completed.

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

MI

Approved for signature:



Steven H. Parton, General Counsel

Approved for submission to Financial Services
Commission:



Kevin M. McCarty, Commissioner
Office of Insurance Regulation

690-189.003 Workers' Compensation: Application and Audit Procedures.

(1) No change

(2)(a) An application complying with this rule is required for all policies having covered Florida exposure. For new business effective after the implementation of this rule, a carrier shall use an application which complies with this rule. When this new business policy is renewed, the carrier is not required to obtain another application. These requirements also apply to policies written in other states where there is covered Florida exposure other than incidental Florida exposure.

(b) The applicant's signature on the applicant form shall be notarized to the extent that such notarization complies with Parts I and II of Chapter 668, F.S. The carrier is authorized to require the producer's signature to be notarized to the extent that such notarization complies with Parts I and II of Chapter 668, F.S.

(c) It is permissible for insurers to accept electronic signatures in satisfaction of the application signature requirements to the extent that such acceptance of electronic signatures complies with Parts I and II of Chapter 668, F.S.

(d) It is permissible for insurers to accept electronic notarizations in satisfaction of the application notarization requirements to the extent that such acceptance of electronic notarizations complies with Parts I and II of Chapter 668, F.S.

(3) No Change.

(4)(a)4. In order to ensure that the appropriate premium is charged for workers' compensation coverage, each employer and carrier shall comply with:

1. a The requirements of Section 440.381, F.S.; and

2. b As applicable, the voluntary market minimum audit requirements and FWCJUA minimum audit requirements as set forth in subsections (4)(b) and (4)(c) below. ~~"Florida State Special Audit Rules", (rev. 7/02) and "Part Three — Service Providers D. Performance Standards for Service Providers" (rev. 7/02) which are hereby adopted and incorporated by reference.~~

~~2.a. Copies of the "Florida State Special Audit Rules" (rev. 7/02) are contained in the workers' compensation manual issued by the National Council on Compensation Insurance, Inc., 901 Peninsula Corporate Circle, Boca Raton, FL 33487.~~

~~b. Copies of Part Three—Service Providers D. Performance Standards for Service Providers" (rev. 7/02) are contained in the operations manual of the Florida Workers' Compensation Joint Underwriting Association, Inc., P. O. Box 48957, Sarasota, FL 34230-5937.~~

(b) Each voluntary market carrier and each employer covered by a voluntary market carrier shall comply with the following minimum audit requirements at the expiration of each policy:

1. Final audits shall be conducted for both new and renewal policies as follows:

a. For policies with an estimated annual premium of \$10,000 and over, a final physical audit shall be completed annually on all risks regardless of governing classification code:

b. For policies with an estimated annual premium of \$9,999 to \$1, a final mail or physical audit shall be completed annually on all risks regardless of governing classification:

c. For all new business policies having construction classifications, regardless of premium range a final physical audit shall be completed annually:

d. For all renewal business policies having construction classifications, a final physical audit shall be conducted annually if the estimated annual premium is \$5,000 and over; and

e. Per capita policies shall have a final mail or physical audit not less than biennially.

2. Physical audits will be made whenever requested by the employer unless such request is unnecessarily repetitive.

3. Mail audit reports by the employer are permitted only where a physical audit is not required.

4. Records examined during the physical audit shall include the use of the following as applicable:

a. Unemployment Compensation Tax (UCT) forms;

b. Federal reports of employee income;

c. Payroll records;

d. Cash disbursement journals;

e. Other acceptable accounting records;

f. Certificates of insurance covering subcontractors; and

g. Independent contractor documents.

h. Any other employer records necessary to establish premium or assign classifications.

5. Each voluntary market carrier or the National Council on Compensation Insurance shall conduct audits to ensure the accurate classification assignments for duties of employees.

(c) The FWCJUA or its service provider and each employer covered by the FWCJUA shall comply with the following minimum audit requirements at the expiration of each policy:

1. Final physical audits shall be conducted as follows:

a. For all policies producing an estimated annual premium of \$4,000 and over regardless of governing classification code;

b. For all policies producing an estimated annual premium of \$3,999 to \$3,000, at least once every three years;

c. For all policies with a governing classification code of 2702, 2710, 5022, 5403, 5437, 5445, 5474, 5551, 5606, 5645, 6217, 7219, 8829, 8835, 8861 and 9110, regardless of premium range;

d. For all policies for employers engaged in leasing employees to others or in providing temporary help to others, regardless of premium range;

e. For all new business policies having construction classification codes, regardless of premium range;

f. For all policies with a loss ratio of 120% or greater the first year the employer qualifies and thereafter, regardless of premium range, subject to the FWCJUA's or its service provider's determination whether such audit is unnecessarily repetitive;

g. Whenever requested by the employer, unless such request is unnecessarily repetitive;
and

h. Whenever otherwise warranted by the FWCJUA's or its service provider's evaluation of the type of business, the amount of exposure, the accuracy of classifications, or the reliability of previous mail or physical audits.

2. Mail audit reports by the employer are permitted only where a physical audit is not required.

3. Records examined during the physical audit shall include the use of the following as applicable:

a. Unemployment Compensation Tax (UCT) forms;

b. Federal reports of employee income;

c. Payroll records;

d. Cash disbursement journals;

e. Other acceptable accounting records;

f. Certificates of insurance covering subcontractors; and

g. Independent contractor documents.

h. Any other records necessary to establish premium or assign classifications

4. The FWCJUA, its service provider or the National Council on Compensation Insurance shall conduct audits to ensure the accurate classification assignment for duties of employees.

~~(d)-(b)~~ 1. In addition, each employer shall submit a copy of the quarterly earning report required by Chapter 443, F.S., to the carrier at the end of each quarter.

2. Each carrier shall develop its own procedures for terminating coverage when the quarterly earning report forms are not received. However, such forms shall be considered timely if received within 45 days of the end of the quarter reported.

2. Each carrier shall develop its own procedures for terminating coverage when the quarterly earning report forms are not received. However, such forms shall be considered timely if received within 45 days of the end of the quarter reported.

~~(e)-(e)~~ The carrier shall retain new or renewal applications, monthly change sheets, and the quarterly earning reports for a minimum of three years from the date the applications, sheets, or reports were received.

~~(f)-(d)~~ Telephone audits are not permitted in lieu of mail or physical audits.

~~(e)~~ An initial application is required only at the inception of a three-year fixed rate policy or at renewal, if the inception date was prior to the effective date of this rule. Audit procedures are required at the expiration of each policy.

~~(g)-(f)~~ Signatures.

1.a. A carrier, in order to comply with the signature requirements as provided in Section 440.381(3), F.S., shall use, as applicable:

(I) Form OIR-B1-1562 (rev. 7/03), "Partner's, Sole Proprietor's or Corporate Officer's Statement";

(II) Form OIR-B1-1561 (rev. 7/03), "Statement of Individual Providing Audit Information (other than Partner, Sole Proprietor or Corporate Officer)"; and

(III) Form OIR-B1-1560 (rev. 7/03), "Auditor's Statement".

b. The forms in this subsection (4) are hereby adopted and incorporated by reference and may be obtained from the Office's web site at www.floridfd.com/pcfr/forms_list.aspx.

c. These forms shall be signed by the appropriate party and submitted to the carrier at the completion of an audit.

2.a. A carrier wishing to use its own signature forms shall submit the forms electronically to Property and Casualty Product Review at <https://portal.fldfs.com>, and receive approval prior to use.

b. At a minimum the forms shall contain all text as it appears on:

(II) Form OIR-B1-1561 (rev. 7/03), "Statement of Individual Providing Audit Information (other than Partner, Sole Proprietor or Corporate Officer)"; and

(III) Form OIR-B1-1560 (rev. 7/03), "Auditor's Statement".

3. It is permissible for insurers to accept electronic signatures in ~~Electronic signature(s)~~ shall be accepted in satisfaction of the signature requirements of Section 440.381(3), F.S. to the extent that such acceptance of electronic signatures complies with Parts I and II of Chapter 668, F.S. ~~For purposes of this section, "electronic signature(s)" shall mean an electronic identifier, including a digital signature, which is:~~

- ~~_____ a. Unique to the person using it;~~
- ~~_____ b. Capable of verification;~~
- ~~_____ c. Under the sole control of the person using it;~~
- ~~_____ d. Attached to or associated with data contained within the audit document in such a manner that authenticates the attachment of the signature to particular data and integrity of the data transmitted;~~
- ~~_____ e. Intended by the party using it to have the same force and effect as the use of a signature affixed by hand; and~~
- ~~_____ f. Compliant with all applicable state and federal laws governing electronic signatures.~~

Rulemaking Specific Authority 440.381, 624.308(1) FS. Law Implemented 440.105(4)(b)5., 440.381, 624.307, 624.424(1)(c) FS. History—New 8-1-91, Formerly 4-28.007, Amended 10-3-95, 10-10-96, 1-15-98, 11-21-00, 11-5-02, 9-22-03, Formerly 4-189.003, Amended 3-29-05.

440.381 Application for coverage; reporting payroll; payroll audit procedures; penalties.--

(1) Applications by an employer to a carrier for coverage required by s. 440.38 must be made on a form prescribed by the Financial Services Commission. The Financial Services Commission shall adopt rules for applications for coverage required by s. 440.38. The rules must provide that an application include information on the employer, the type of business, past and prospective payroll, estimated revenue, previous workers' compensation experience, employee classification, employee names, and any other information necessary to enable a carrier to accurately underwrite the applicant. The rules must include a provision that a carrier or self-insurance fund may require that an employer update an application monthly to reflect any change in the required application information.

(2) Submission of an application that contains false, misleading, or incomplete information provided with the purpose of avoiding or reducing the amount of premiums for workers' compensation coverage is a felony of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084. The application must contain a statement that the filing of an application containing false, misleading, or incomplete information provided with the purpose of avoiding or reducing the amount of premiums for workers' compensation coverage is a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084. The application must contain a sworn statement by the employer attesting to the accuracy of the information submitted and acknowledging the provisions of former s. 440.37(4). The application must contain a sworn statement by the agent attesting that the agent explained to the employer or officer the classification codes that are used for premium calculations.

(3) The Financial Services Commission, in consultation with the department, shall establish by rule minimum requirements for audits of payroll and classifications in order to ensure that the appropriate premium is charged for workers' compensation coverage. The rules shall ensure that audits performed by both carriers and employers are adequate to provide that all sources of payments to employees, subcontractors, and independent contractors have been reviewed and that the accuracy of classification of employees has been verified. The rules shall provide that employers in all classes other than the construction class be audited not less frequently than biennially and may provide for more frequent audits of employers in specified classifications based on factors such as amount of premium, type of business, loss ratios, or other relevant factors. In no event shall employers in the construction class, generating more than the amount of premium required to be experience rated, be audited less than annually. The annual audits required for construction classes shall consist of physical onsite audits. Payroll verification audit rules must include, but need not be limited to, the use of state and federal reports of employee income, payroll and other accounting records, certificates of insurance maintained by subcontractors, and duties of employees. At the completion of an audit, the employer or officer of the corporation and the auditor must print and sign their names on the audit document and attach proof of identification to the audit document.

(4) Each employer must submit a copy of the quarterly earning report required by chapter 443 at the end of each quarter to the carrier and submit self-audits supported by the quarterly earnings reports required by chapter 443 and the rules adopted by the Agency for Workforce Innovation or by the state agency providing unemployment tax collection services under contract with the Agency for Workforce Innovation through an interagency agreement pursuant to s. 443.1316. The reports must include a sworn statement by an officer or principal of the employer attesting to the accuracy of the information contained in the report.

(5) Employers shall make available all records necessary for the payroll verification audit and permit the auditor to make a physical inspection of the employer's operation. If the employer fails upon request of the auditor to provide access to the documents specified in this section

Specific Authority/Law Implemented

and the carrier cannot complete the audit as a result, the employer shall pay \$500 to the carrier to defray the costs of the audits.

(6)(a) If an employer understates or conceals payroll, or misrepresents or conceals employee duties so as to avoid proper classification for premium calculations, or misrepresents or conceals information pertinent to the computation and application of an experience rating modification factor, the employer, or the employer's agent or attorney, shall pay to the insurance carrier a penalty of 10 times the amount of the difference in premium paid and the amount the employer should have paid and reasonable attorney's fees. The penalty may be enforced in the circuit courts of this state.

(b) If the department determines that an employer has materially understated or concealed payroll, has materially misrepresented or concealed employee duties so as to avoid proper classification for premium calculations, or has materially misrepresented or concealed information pertinent to the computation and application of an experience rating modification factor, the department shall immediately notify the employer's carrier of such determination. The carrier shall commence a physical onsite audit of the employer within 30 days after receiving notification from the department. If the carrier fails to commence the audit as required by this section, the department shall contract with auditing professionals to conduct the audit at the carrier's expense. A copy of the carrier's audit of the employer shall be provided to the department upon completion. The carrier is not required to conduct the physical onsite audit of the employer as set forth in this paragraph if the carrier gives written notice of cancellation to the employer within 30 days after receiving notification from the department of the material misrepresentation, understatement, or concealment and an audit is conducted in conjunction with the cancellation.

(7) If an employee suffering a compensable injury was not reported as earning wages on the last quarterly earnings report filed with the Agency for Workforce Innovation or the state agency providing unemployment tax collection services under contract with the Agency for Workforce Innovation through an interagency agreement pursuant to s. 443.1316 before the accident, the employer shall indemnify the carrier for all workers' compensation benefits paid to or on behalf of the employee unless the employer establishes that the employee was hired after the filing of the quarterly report, in which case the employer and employee shall attest to the fact that the employee was employed by the employer at the time of the injury. Failure of the employer to indemnify the insurer within 21 days after demand by the insurer is grounds for the insurer to immediately cancel coverage. Any action for indemnification brought by the carrier is cognizable in the circuit court having jurisdiction where the employer or carrier resides or transacts business. The insurer is entitled to a reasonable attorney's fee if it recovers any portion of the benefits paid in the action.

(8) If an employer fails to provide reasonable access to payroll records for a payroll verification audit, the employer shall pay a premium to the carrier or self-insurer not to exceed three times the most recent estimated annual premium.

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.

(2) In addition to any other penalty provided, willful violation of any such rule shall subject the violator to such suspension or revocation of certificate of authority or license as may be applicable under this code as for violation of the provision as to which such rule relates.

440.105 Prohibited activities; reports; penalties; limitations.—

(4) Whoever violates any provision of this subsection commits insurance fraud, punishable as provided in paragraph (f).

(b) It shall be unlawful for any person:

5. To knowingly make any false, fraudulent, or misleading oral or written statement, or to knowingly omit or conceal material information, required by s. 440.185 or s. 440.381, for the purpose of obtaining workers' compensation coverage or for the purpose of avoiding, delaying, or diminishing the amount of payment of any workers' compensation premiums.

624.307 General powers; duties.--

(1) The department and office shall enforce the provisions of this code and shall execute the duties imposed upon them by this code, within the respective jurisdiction of each, as provided by law.

(2) The department shall have the powers and authority expressly conferred upon it by, or reasonably implied from; the provisions of this code. The office shall have the powers and authority expressly conferred upon it by, or reasonably implied from, the provisions of this code.

(3) The department or office may conduct such investigations of insurance matters, in addition to investigations expressly authorized, as it may deem proper to determine whether any person has violated any provision of this code within its respective regulatory jurisdiction or to secure information useful in the lawful administration of any such provision. The cost of such investigations shall be borne by the state.

(4) The department and office may each collect, propose, publish, and disseminate information relating to the subject matter of any duties imposed upon it by law.

(5) The department and office shall each have such additional powers and duties as may be provided by other laws of this state.

(6) The department and office may each employ actuaries who shall be at-will employees and who shall serve at the pleasure of the Chief Financial Officer, in the case of department employees, or at the pleasure of the director of the office, in the case of office employees. Actuaries employed pursuant to this paragraph shall be members of the Society of Actuaries or the Casualty Actuarial Society and shall be exempt from the Career Service System established under chapter 110. The salaries of the actuaries employed pursuant to this paragraph shall be set in accordance with 's. 216.251(2)(a)5. and shall be set at levels which are commensurate with salary levels paid to actuaries by the insurance industry.

(7) The office shall, within existing resources, develop and implement an outreach program for the purpose of encouraging the entry of additional insurers into the Florida market.

(8) Upon receiving service of legal process issued in any civil action or proceeding in this state against any regulated person required to appoint the Chief Financial Officer as its attorney to receive service of all legal process, the Chief Financial Officer, as attorney, may, in lieu of sending the process by registered or certified mail, send the process by any other verifiable means to the person last designated by the regulated person to receive the process.

624.424 Annual statement and other information.—

- (1) (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.

M E M O R A N D U M

DATE: November 16, 2009
TO: Kevin M. McCarty, Commissioner, Office of Insurance Regulation
THROUGH: Steven H. Parton, General Counsel
FROM: Dennis Threadgill
Bob Prentiss
SUBJECT: Cabinet Agenda for December 8, 2009
Request for Approval to Publish Amendments to
Rule 69O-137.002
Assmt. # 44303

The Office of Insurance Regulation requests that these proposed rule amendments be presented to the Cabinet aides on or before December 2, 2009 and to the Financial Services Commission on December 8, 2009, with a request to approve for publication the proposed rules.

Prior to 2009, Section 624.424, Florida Statutes, required the Office to adopt rules "in substantial conformity with the 1998 Model Rule Requiring Annual Audited Financial Reports adopted by the NAIC." Since 1998, however, the NAIC has made many subsequent amendments to its model audit rule. Based upon this statutory language, the FSC was not able to update its rules; the rules had to stay in compliance with the 1998 version. In 2009, Section 624.424, Florida Statutes was amended by the legislature to require the Office to adopt rules "in substantial conformity with the 1998 Model Rule Requiring Annual Audited Financial Reports adopted by the NAIC, *or subsequent amendments.*" This proposed rule amends OIR's audit rule to make it in substantial conformity with the NAIC's current model. Interstate uniformity reduces costs for our regulated insurers. Substantial conformity to the NAIC model audit rule is also required for NAIC accreditation.

Sections 624.308(1), 624.424(8)(e), 624.307(1), 624.324, 624.424(8), F.S., provide rulemaking authority and laws implemented for this rule.

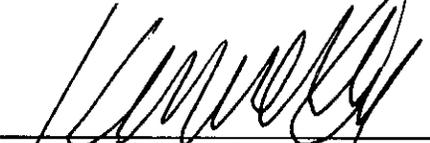
Marc Ito is the attorney handling this rule. Attached are: 1) the proposed rule(s), 2) any incorporated materials, such as forms; and 3) copies of the rulemaking statutory authority and law implemented.

Approved for signature:



Steven H. Parton, General Counsel

Approved for submission to Financial Services
Commission:



Kevin M. McCarty, Commissioner
Office of Insurance Regulation

690-137.002 Annual Audited Financial Reports.

(1) The purpose of this rule is to improve the Office's surveillance of the financial condition of insurers by requiring an annual ~~audit examination by independent Certified Public Accountants~~ of the financial statements reporting the financial position and the results of operations of insurers by independent certified public accountants (b) Communication of Internal Control Related Matters Noted in an audit, and (c) Management's Report of Internal Control over Financial Reporting.

(2)(a) Every authorized insurer, as defined in subsection (3), below, shall be subject to this rule. Insurers having direct premiums written in this state of less than \$1,000,000 in any calendar year and fewer than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of the calendar year shall be exempt from this rule for the ~~that~~-year (unless the Office makes a specific finding that compliance is necessary for the Office to carry out statutory responsibilities), except that insurers having assumed premiums pursuant to contracts and/or treaties of reinsurance of \$1,000,000 or more will not be so exempt. Any insurer subject to an exemption must submit by March 1 following the year to which the exemption applies an affidavit sworn to by a responsible officer of the insurer specifying the amount of direct premiums written in this state and number of policyholders or certificateholders.

1. Form OIR-DO-1431, (Rev. 7/01), "Audited Financial Statements Exemption Affidavit", is hereby incorporated by reference to be the form specified in Section 624.424(8)(b), Florida Statutes, for exemptions from compliance with the filing of an annual audited financial statement. This form is available from Life & Health Financial Oversight or Property & Casualty Financial Oversight at 200 East Gaines Street, Tallahassee, Florida 32399. The form is also available from the Office of Insurance Regulation's website located at the following address: www.flor.com.

(b) Foreign or alien insurers filing Audited Financial Reports in another state, pursuant to ~~that the other~~-state's requirement for filing of ~~Audited Financial Reports~~ which has been found by the Office to be substantially similar to the requirements herein, may, in lieu of the other requirements herein, be exempt from Sections 4 through 13 of this regulation if: ~~requirements of this rule, file the following with the Office in accordance with the filing dates referenced below:~~

1. A copy of the Audited Financial Report, Communications of Internal Control Related Matters Noted in an Audit, Report on Significant Deficiencies in Internal Controls, and the Accountant's Letter of Qualifications which are filed with the other state are made available to the Office upon request in accordance with the filing dates specified in Sections (4), (11) and (12), respectively (Canadian insurers may submit accountants' reports as filed with the Office of the Superintendent of Financial Institutions, Canada); and the Canadian Dominion Office.

2. A copy of any Notification of Adverse Financial Condition Report filed with the other state are made available to the Office upon request within the time specified in Section (10).

(c) This rule shall not prohibit, preclude, or in any way limit the Office from ordering and/or conducting and/or performing examinations of insurers under its rules.

(3) Definitions.

(a) ~~Audited Financial Report~~ means and includes those items specified in subsection (5), below.

~~(a)(b)~~ Accountant" and "Independent Certified Public Accountant" means an independent Certified Public Accountant or accounting firm in good standing with the American Institute of Certified Public Accountants (AICPA) licensing authority or accrediting authority for Certified Public Accountants and in all states in which he or she is licensed to the accountant practices. For Canadian and British companies, it means a Canadian-chartered or British-chartered accountant.

(b) "Affiliate" of, or person "affiliated" with, a specific person, is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(c) "Audit committee" means a committee (or equivalent body) established by the board of directors of an entity for the purpose of overseeing the accounting and financial reporting processes of an insurer or Group of insurers, and audits of financial statements of the insurer or Group of insurers. The Audit committee of any entity that controls a Group of insurers may be deemed to be the Audit committee for one or more of these controlled insurers solely for the purposes of this regulation at the election of the controlling person. Refer to Section (14)(e) for exercising this election. If an Audit committee is not designated by the insurer, the insurer's entire board of directors shall constitute the Audit committee. "Office" means the Office of Insurance Regulation.

(d) "Audited Financial Report" means and includes those items specified in Section (5), below. ~~"Insurer" means an authorized insurer as defined in Section 624.09, Florida Statutes.~~

(e) "Indemnification" means an agreement of indemnity or a release from liability where the intent or effect is to shift or limit in any manner the potential liability of the person or firm for failure to adhere to applicable auditing or professional standards, whether or not resulting in part from knowing of other misrepresentations made by the insurer or its representatives.

(f) "Independent board member" has the same meaning as described in Section (14)(c).

(g) "Insurer" means an authorized insurer as defined in Section 624.09, Florida Statutes.

(h) "Group of insurers" means those licensed insurers included in the reporting requirements of Chapter 628, Part IV, Florida Statutes or a set of insurers as identified by management, for the purpose of assessing the effectiveness of Internal control over financial reporting.

(i) "Internal control over financial reporting" means a process effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance regarding the reliability of the financial statements, i.e., those items specified in Section (5)(b) 2. through 7. of this regulation, and includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflects the transactions and dispositions of assets;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements, i.e., those items specified in Section (5)(b) 2. through 7. of this regulation, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements, i.e., those items specified in Section (5)(b) 2. through 7. of this regulation.

(j) "Office" means the Office of Insurance Regulation.

(k) "SEC" means the United States Securities and Exchange Commission.

(l) "Section 404" means Section 404 of the Sarbanes-Oxley Act of 2002 and the SEC's rules and regulations promulgated thereunder.

(m) "Section 404 Report" means management's report on "internal control over financial reporting" as defined by the SEC and the related attestation report of the independent certified public accountant as described in Section (3)(a).

(n) "SOX Compliant Entity" means an entity that either is required to be compliant with, or voluntarily is compliant with, all of the following provisions of the Sarbanes-Oxley Act of 2002: (i) the preapproval requirements of Section 201 (Section 10A(i) of the Securities Exchange Act of 1934); (ii) the Audit committee independence requirements of Section 301 (Section 10A(m)(3) of the Securities Exchange Act of 1934); and (iii) the Internal control over financial reporting requirements of Section 404 (Item 308 of SEC Regulation S-K).

(4) General Requirements Related to Filing and Extensions for Filing of Annual Audited Financial Reports, and Audit Committee Appointment.

(a) All insurers shall have an annual audit by an independent Certified Public Accountant and shall file an Audited Financial Report with the Office on or before June 1 for the year ended December 31 immediately preceding. The Office may require an insurer to file an Audited Financial Report earlier than June 1 with ninety (90) days advance notice to the insurer.

(b) Extensions of the June 1 filing date may be granted by the Office for thirty-day periods upon a showing by the insurer and its independent certified public accountant of the reasons for requesting an extension and determination by the Office of good cause for an extension. The request for extension must be submitted in writing not less than ten (10) days prior to the due date in sufficient detail to permit the Office to make an informed decision with respect to the requested extension.

(c) If an extension is granted in accordance with the provisions in Section 4(b), a similar extension of thirty (30) days is granted to the filing of Management's Report of Internal Control over Financial Reporting.

(d) Every insurer required to file an annual Audited Financial Report pursuant to this regulation shall designate a group of individuals as constituting its Audit committee, as defined in Section (3). The Audit committee of an entity that controls an insurer may be deemed to be the insurer's Audit committee for purposes of this regulation at the election of the controlling person.

(5) Contents of Annual Audited Financial Report.

(a) The Annual Audited Financial Report shall report the financial position of the insurer as of the end of the most recent calendar year and the results of its operations, cash flows, and changes in capital and surplus for the year then ended in conformity with statutory accounting practices prescribed, or otherwise permitted, by the Office of the state of domicile.

(b) The Annual Audited Financial Report shall include the following:

1. Report of independent Certified Public Accountant.
2. Balance sheet reporting admitted assets, liabilities, capital and surplus.
3. Statement of operations.
4. Statement of cash flows.
5. Statement of changes in capital and surplus.

6. Notes to financial statements. These notes shall be those required by the appropriate NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual and any other notes required by generally accepted accounting principles and shall also include: ~~a. A reconciliation of differences, if any, between the audited statutory financial statements and the Annual Statement filed pursuant to Section 624.424(1), Florida Statutes, with a written description of the nature of these differences.~~

~~b. A summary of ownership and relationships of the insurer and all affiliated companies.~~

7. The financial statements included in the Audited Financial Report shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the Annual Statement of the insurer filed with the Office, and the financial statement shall be comparative, presenting the amounts as of December 31 of the current year and the amounts as of the immediately preceding December 31. However, in the first year in which an insurer is required to file an Audited Financial Report, the comparative data may be omitted.

(6) Designation of Independent Certified Public Accountant.

(a) Each insurer required by this rule to file an annual Audited Financial Report must, by December 31 of the year subject to audit, register with the Office in writing the name and address of the independent Certified Public Accountant or accounting firm ~~(generally referred to in this rule as the "accountant")~~ retained to conduct the annual audit set forth in this rule.

(b) The insurer shall obtain a letter from the accountant, and file a copy with the Office, stating that the accountant is aware of the provisions of the Insurance Code and the Rules and Regulations of the ~~Insurance Office~~ of the state of domicile that relate to accounting and financial matters, and affirming that the accountant he will express his or her opinion on the financial statements in terms of their conformity to the statutory accounting practices prescribed or otherwise permitted by that Insurance Department Office, specifying the exceptions as he or she may believe appropriate.

(c) If an accountant who was the accountant for the immediately preceding filed Audited Financial Report is dismissed or resigns, the insurer shall within five (5) business days notify the Office of this event. The insurer shall also furnish the Office with a separate letter within ten (10) business days of the above notification stating whether in the twenty-four (24) months preceding that event there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure; which disagreements, if not resolved to the satisfaction of the former accountant, would have caused him or her to make reference to the subject matter of the disagreement in connection with his or her opinion. The disagreements required to be reported in response to this paragraph include both those resolved to the former accountant's satisfaction and those not resolved to the former accountant's satisfaction. ~~(d)~~ Disagreements contemplated by this subsection are those that occur at the decision-making level, i.e., between personnel of the insurer responsible for presentation of its financial statements and personnel of the accounting firm responsible for rendering its report. The insurer shall also in writing request the former accountant to furnish a letter addressed to the insurer stating whether the accountant agrees with the statements contained in the insurer's letter, and if not, stating the reasons for which he or she does not agree; and the insurer shall furnish the responsive letter from the former accountant to the Office together with its own.

(7) Qualifications of Independent Certified Public Accountant.

(a) The Office shall not recognize any person or firm as a qualified independent Certified Public Accountant if the person or firm that is

1. Is not in good standing with the AICPA licensing authority or accrediting authority for Certified Public Accountants and in all states in which the accountant is licensed to practices, or for a Canadian or British company, that is not a chartered accountant; or

2. Has either directly or indirectly entered into an agreement of indemnity or release from liability (collectively referred to as indemnification) with respect to the audit of the insurer.

(b) Except as otherwise provided in this regulation herein, the Office shall recognize an independent Certified Public Accountant ~~shall be recognized~~ as qualified as long as he or she prepares reports, filings, and statements as required by the Florida Insurance Code, and conforms to the standards of his or her profession as contained in the Rules and Regulations and Code of Ethics and Rules of Professional Conduct of the Florida Board of Public Accountancy, or similar code.

(c) 1. A-The lead (or coordinating) audit partner (having primary responsibility for the audit) or other person responsible for

~~rendering a report~~ may not act in that capacity for more than five (5) seven (7) consecutive years. ~~Following any period of service that~~ The person shall be disqualified from acting in that or a similar capacity for the same company or its insurance subsidiaries or affiliates for a period of five (5) consecutive two (2) years. An insurer may make application to the Office for relief from the above rotation requirement based on an unusual hardship to the insurer and a determination by the Office that the accountant is exercising independent judgement that is not unduly influenced by the insurer. This application should be made at least thirty (30) days before the end of the calendar year. The Office may consider considering the following factors in determining if the relief should be granted:

a.-1. Number of partners, expertise of the partners, or the number of insurance clients in the currently registered firm;

b.-2. Premium volume of the insurer; and

c.-3. Number of jurisdictions in which the insurer transacts business.

2. The insurer shall file, with its annual statement filing, the approval for relief from Subsection (7) (c) with the states that it is licensed in or doing business in and with the NAIC. If the nondomestic state accepts electronic filing with the NAIC, the insurer shall file the approval in an electronic form acceptable to the NAIC.

(d) The Office shall ~~neither not~~ recognize as a qualified independent Certified Public Accountant, nor accept any annual Audited Financial Report prepared in whole or in part by any natural person who:

1. Has been found guilty of, or has pleaded guilty or nolo contendere to, any felony or crime punishable by imprisonment of one year or more under the law of the United States or any state thereof or under the law of any other country, which involves moral turpitude, without regard to whether a judgement of conviction has been entered by the court having jurisdiction in such case;

2. Has been found to have violated the insurance laws of this state with respect to any previous reports submitted under this rule;

or

3. Has failed to detect or disclose material information in previous reports filed under the provisions of this rule.

(e) In accordance with the provisions of Sections 624.307 and 624.324, Florida Statutes, and in its own rules of departmental practice, the Office shall conduct a hearing to determine whether an independent a-Certified Public Accountant is qualified if Office records do not contain sufficient information to demonstrate that the Certified Public Accountant is qualified. Considering the evidence presented, the Office shall conclude that the accountant is not qualified for purposes of expressing his or her opinion on the financial statements in the annual Audited Financial Report made pursuant to this rule, if the accountant fails to meet the qualifications and other requirements of this rule. If the accountant is found to be not qualified, the Office shall require the insurer to replace the accountant with another whose relationship with the insurer is qualified within the meaning of this rule. Upon determination by the Office that the accountant is not qualified to express an opinion on the financial statements in the annual ~~Audited Financial Report~~ made pursuant to this rule the insurer may request a hearing pursuant to Section 120.57, Florida Statutes.

(f) A qualified independent certified accountant may enter into an agreement with an insurer to have disputes relating to an audit resolved by mediation or arbitration. However, in the event of a delinquency proceeding commenced against the insurer under Chapter 631, Florida Statutes, the mediation or arbitration provisions shall operate at the option of the statutory successor.

(g) 1. The Office shall not recognize as a qualified independent certified public accountant, nor accept an annual Audited Financial Report, prepared in whole or in part by an accountant who provides to an insurer, contemporaneously with the audit, the following non-audit services:

a. Bookkeeping or other services related to the accounting records or financial statements of the insurer;

b. Financial information systems design and implementation;

c. Appraisal or valuation services, fairness opinions, or contribution in-kind reports;

d. Actuarially-oriented advisory services involving the determination of amounts recorded in the financial statements. The accountant may assist an insurer in understanding the methods, assumptions and inputs used in the determination of amounts recorded in the financial statement only if it is reasonable to conclude that the services provided will not be subject to audit procedures during an audit of the insurer's financial statements. An accountant's actuary may also issue an actuarial opinion or certification ("opinion") on an insurer's reserves if the following conditions have been met:

(i) Neither the accountant nor the accountant's actuary has performed any management functions or made any management decisions;

(ii) The insurer has competent personnel (or engages a third party actuary) to estimate the reserves for which management takes responsibility; and

(iii) The accountant's actuary tests the reasonableness of the reserves after the insurer's management has determined the amount of the reserves;

e. Internal audit outsourcing services;

f. Management functions or human resources;

g. Broker or dealer, investment adviser, or investment banking services;

h. Legal services or expert services unrelated to the audit; or

i. Any other services that the Office determines, by regulation, are impermissible.

2. In general, the principles of independence with respect to services provided by the qualified independent certified public accountant are largely predicated on three basic principles, violations of which would impair the accountant's independence. The principles are that the accountant cannot function in the role of management, cannot audit his own work, and cannot serve in an advocacy role for the insurer.

(h) Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request an exemption from Subsection (g) 1. The insurer shall file with the Office a written statement discussing the reasons why the insurer should be exempt from these provisions. If the Office finds, upon review of this statement, that compliance with this regulation would constitute a financial or organizational hardship upon the insurer, an exemption may be granted.

(i) A qualified independent certified public accountant who performs the audit may engage in other non-audit services, including tax services that are not described in Subsection (g)1. or that do not conflict with Subsection (g)2. only if the activity is approved in advance by the Audit committee, in accordance with Subsection (j).

(j) All auditing services and non-audit services provided to an insurer by the qualified independent certified public accountant of the insurer shall be preapproved by the Audit committee. The preapproval requirement is waived with respect to non-audit services if the insurer is a SOX Compliant Entity or a direct or indirect wholly-owned subsidiary of a SOX Compliant Entity or:

1. The aggregate amount of all such non-audit services provided to the insurer constitutes not more than five percent (5%) of the total amount of fees paid by the insurer to its qualified independent certified public accountant during the fiscal year in which the non-audit services are provided;

2. The services were not recognized by the insurer at the time of the engagement to be non-audit services; and

3. The services are promptly brought to the attention of the Audit committee of the insurer and approved prior to the completion of the audit by the Audit committee or by one or more members of the Audit committee who are the members of the board of directors to whom authority to grant such approvals has been delegated by the Audit committee.

(k) The Audit committee may delegate to one or more designated members of the Audit committee the authority to grant the preapprovals required by Subsection (l). The decisions of any member to whom this authority is delegated shall be presented to the full Audit committee at each of its scheduled meetings.

(l) 1. The Office shall not recognize an independent certified public accountant as qualified for a particular insurer if a member of the board, president, chief executive officer, controller, chief financial officer, chief accounting officer, or any person serving in an equivalent position for that insurer, was employed by the independent certified public accountant and participated in the audit of that insurer during the one-year period preceding the date that the most current statutory opinion is due. This section shall only apply to partners and senior managers involved in the audit. An insurer may make application to the Office for relief from the above requirement on the basis of unusual circumstances.

2. The insurer shall file, with its annual statement filing, the approval for relief from Subsection (n) (1) with the states that it is licensed in or doing business in and the NAIC. If the nondomestic state accepts electronic filing with the NAIC, the insurer shall file the approval in an electronic format acceptable to the NAIC.

(8) Consolidated or Combined Audits.

(a) An insurer may make written application to the Office for approval to file audited consolidated or combined financial statements in lieu of separate annual audited financial statements if the insurer is part of a group of insurance companies which utilizes a pooling or one hundred percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves, and the insurer cedes all of its direct and assumed business to the pool. In these cases, a columnar consolidating or combining worksheet shall be filed with the report, as follows:

1. Amounts shown on the consolidated or combined Audited Financial Report shall be shown on the worksheet.

2. Amounts for each insurer subject to this section shall be stated separately.

3. Noninsurance operations may be shown on the worksheet on a combined or individual basis.

4. Explanations of consolidating and eliminating entries shall be included: and

5. A reconciliation shall be included of any differences between the amounts shown in the individual insurer columns of the worksheet and comparable amounts shown on the Annual Statements of the insurers.

(b) 1. The application for approval to consolidate is required each year, and must be filed with the Office prior to the end of the calendar year for which the approval is being granted, except that applications for approval will be accepted after the end of such calendar year subject to the imposition of an administrative fine on each insurer involved in such application as provided for in Section 624.4211(2), Florida Statutes.

2. The amount of the fine shall be \$50 per day for each day beyond the end of the calendar year, not to exceed an aggregate amount of \$10,000 for the group of insurers requesting permission to file on a consolidated basis.

(c) Approval to consolidate or combine statements shall be granted unless the Office makes a specific finding that approval would prevent the Office from carrying out its statutory responsibilities.

(9) Scope of Audit Examination and Report of Independent Certified Public Accountant. Financial statements furnished pursuant to Section subsection (5), above, shall be examined by the an-independent certified public accountant Certified Public Accountant. The audit examination of the insurer's financial statements shall be conducted in accordance with generally accepted auditing standards. In accordance with AU Section 319 of the Professional Standards of the American Institute of AICPA, Consideration of Internal Control in a Financial Statement Audit, the independent certified public accountant should obtain an understanding of internal control sufficient to plan the audit. To the extent required by AU 319, for those insurers required to file a Management's Report of Internal Control over Financial Reporting pursuant to Section 16, the independent certified public accountant should consider (as that term is defined in Statement on Auditing Standards (SAS) No. 102, Defining Professional Requirements in Statements on Auditing Standards or its replacement) the most recently available report in planning and performing the audit of the statutory financial statements. Consideration should also be given to the other procedures illustrated in the Financial Condition Examiner's Handbook promulgated by the National Association of Insurance Commissioners as the independent Certified Public Accountant deems necessary.

(10) Notification of Adverse Financial Condition.

(a) The insurer required to furnish the annual Audited Financial Report shall require the independent Certified Public Accountant to report, in writing, within five (5) business days to the board of directors or its Audit audit committee any determination by the independent Certified Public Accountant that the insurer has materially misstated its financial condition as reported to the Office as of the balance sheet date currently under audit examination, or that the insurer does not meet the minimum capital and surplus requirement of the Florida Insurance Code as of that date. An insurer who has received a report pursuant to this paragraph shall forward a copy of the report to the Office within five (5) business days of receipt of said report and shall provide the independent Certified Public Accountant making the report with evidence of the report being furnished to the Office. If the independent Certified Public Accountant fails to receive the evidence within the required five (5) business day period, the independent Certified Public Accountant shall furnish to the Office a copy of its report within the next five (5) business days.

(b) An independent certified public accountant shall not be liable in any manner to any person for any statement made in connection with the above paragraph if the statement is made in good faith in compliance with the above paragraph.

(c) If the accountant, subsequent to the date of the Audited Financial Report filed pursuant to this rule, becomes aware of facts which might have affected his report, the Office notes the obligation of the accountant to take such action as prescribed in Volume I, Section AU 561 of the Professional Standards of the AICPA. shall report those facts to the Office and the insurer within ten (10) calendar days of discovery.

(11) Communication of Internal Control Related Matters Noted in an Audit Report on Significant Deficiencies in Internal Controls

(a) In addition to the annual Audited Financial Report Statement, each insurer shall furnish the Office with a written communication as to any unremediated material weaknesses in its Internal control over financial reporting noted during the audit. Such communication shall be prepared by the accountant within sixty (60) days after the filing of the annual Audited Financial Report, and shall contain a description of any unremediated material weakness (as the term material weakness is defined by Statement on Auditing Standard 60, Communication of Internal Control Related Matters Noted in an Audit, or its replacement) as of December 31 immediately preceding (so as to coincide with the Audited Financial Report discussed in Section (4)) in the insurer's Internal control over financial reporting noted by the accountant during the course of their audit of the financial statements. If no unremediated material weaknesses were noted, the communication should so state. report prepared by the accountant describing

~~significant deficiencies in the insurer's internal control structure noted by the accountant during the audit. The Report on Internal Controls Systems of the insurer shall be filed with the annual Audited Financial Report as required in subsection (4), above.~~

~~(b) The insurer is required to provide a description of remedial actions taken or proposed to correct unremediated material weaknesses if the said actions are not described in the accountant's communication report.~~

~~(12) Accountant's Letter of Qualifications.~~

~~(a) The accountant shall furnish a letter to the insurer in connection with, and for inclusion in, the filing of the annual Audited Financial Report.~~

~~(b) The letter shall state:~~

~~1. That the accountant is independent with respect to the insurer and conforms to the standards of his or her profession as contained in the Code of Professional Ethics and pronouncements of the AICPA and the Rules of Professional Conduct of the Florida Board of Public Accountancy, or similar code;~~

~~2. The background and experience in general, and the experience in audits of insurers, of the staff assigned to the engagement and whether each is an independent Certified Public Accountant. Nothing within this rule shall be construed as prohibiting the accountant from utilizing his or her staff as he or she deems appropriate where use is consistent with the standards prescribed by generally accepted auditing standards.~~

~~3. That the accountant understands the annual Audited Financial Report, and his or her opinion thereon will be filed in compliance with this rule, and that the Office will be relying on this information in the monitoring and regulation of the financial position of insurers;~~

~~4. That the accountant consents to the requirements of subSection (13), below, and that the accountant consents and agrees to make the workpapers as defined in subSection (13), below, available for review by the Office.~~

~~5. A representation that the accountant is properly licensed by an appropriate state licensing authority and is a member in good standing in the AICPA; and~~

~~6. A representation that the accountant is in compliance with the requirements of subSection (7) of this Rule, above.~~

~~(13) Definition, Availability, and Maintenance of Independent Certified Public Accountants. ~~CPA Workpapers.~~~~

~~(a) Workpapers are the records kept by the independent Certified Public Accountant of the procedures followed, the tests performed, the information obtained, and the conclusions reached pertinent to the accountant's audit ~~his examination~~ of the financial statements of an insurer. Workpapers, accordingly, may include audit planning documentation, work programs, analyses, memoranda, letters of confirmation and representation, abstracts of company documents and schedules, or commentaries prepared or obtained by the independent Certified Public Accountant in the course of his or her audit ~~examination~~ of the financial statements of an insurer, and which support the accountant's ~~his~~ opinion thereof.~~

~~(b) Every insurer required to file an Audited Financial Report pursuant to this rule shall require the accountant to make available for review by Office examiners all workpapers prepared in the conduct of the accountant's audit ~~his examination~~, and any communications related to the audit between the accountant and the insurer, at the offices of the insurer, at the Office or at any other reasonable place designated by the Office. The insurer shall require that the accountant retain the audit workpapers and communications until the Office has filed a Report on Examination covering the period of the audit, but no less than seven (7) years from the date of the audit report.~~

~~(c) In the conduct of the aforementioned periodic review by the Office examiners, it shall be agreed that photocopies of pertinent audit workpapers may be made and retained by the Office. The reviews by the Office examiners shall be considered investigations, and all working papers and communications obtained during the course of the investigations shall be afforded the same confidentiality as other examination workpapers generated by the Office until the Report of Examination is filed by the Office.~~

~~(14) Requirements for Audit Committee~~

~~This section shall not apply to foreign or alien insurers licensed in this state or an insurer that is a SOX Compliant Entity or a direct or indirect wholly-owned subsidiary of a SOX Compliant Entity.~~

~~(a) The Audit committee shall be directly responsible for the appointment, compensation and oversight of the work of any accountant (including resolution of disagreements between management and the accountant regarding financial reporting) for the purpose of preparing or issuing the Audited Financial Report or related work pursuant to this rule. Each accountant shall report directly to the Audit committee.~~

~~(b) Each member of the Audit committee shall be a member of the board of directors of the insurer or a member of the board of directors of an entity elected pursuant to Subsection (e) and Section (3)(c).~~

(c) In order to be considered independent for purposes of this section, a member of the Audit committee may not, other than in his or her capacity as a member of the Audit committee, the board of directors, or any other board committee, accept any consulting, advisory or other compensatory fee from the entity or be an affiliated person of the entity or any subsidiary thereof. However, if law requires board participation by otherwise non-independent members, that law shall prevail and such members may participate in the Audit committee and be designated as independent for Audit committee purposes, unless they are an officer or employee of the insurer or one of its affiliates.

(d) If a member of the Audit committee ceases to be independent for reasons outside the member's reasonable control, that person, with notice by the responsible entity to the state, may remain an Audit committee member of the responsible entity until the earlier of the next annual meeting of the responsible entity or one year from the occurrence of the event that caused the member to be no longer independent.

(e) To exercise the election of the controlling person to designate the Audit committee for purposes of this regulation, the ultimate controlling person shall provide written notice to the Office of the affected insurers. Notification shall be made timely prior to the issuance of the statutory audit report and include a description of the basis for the election. The election can be changed through notice to the Office by the insurer, which shall include a description of the basis for the change. The election shall remain in effect for perpetuity, until rescinded.

(f) 1. The Audit committee shall require the accountant that performs for an insurer any audit required by this regulation to timely report to the Audit committee in accordance with the requirements of SAS 61, *Communication with Audit Committees*, or its replacement, including:

a. All significant accounting policies and material permitted practices;

b. All material alternative treatments of financial information within statutory accounting principles that have been discussed with management officials of the insurer, ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the accountant; and

c. Other material written communications between the accountant and the management of the insurer, such as any management letter or schedule of unadjusted differences.

2. If an insurer is a member of an insurance holding company system, the reports required by Subsection (f) 1. may be provided to the Audit committee on an aggregate basis for insurers in the holding company system, provided that any substantial differences among insurers in the system are identified to the Audit committee.

(g) The proportion of independent Audit committee members shall meet or exceed the following criteria:

Prior Calendar Year Direct Written and Assumed Premiums		
\$0 – 300,000,000	Over \$300,000,000 – 500,000,000	Over 500,000,000
No minimum requirements. See also Notes A and B.	Majority (50% or more) of members shall be independent. See also Notes A and B.	Supermajority of members (75% or more) shall be independent. See also Note A.

Note A: The Office has authority afforded by state law to require the entity's board to enact improvements to the independence of the Audit committee membership if the insurer is in a RBC action level event, meets one or more of the standards of an insurer deemed to be in hazardous financial condition, or otherwise exhibits qualities of a troubled insurer.

Note B: All insurers with less than \$500,000,000 in prior year direct written and assumed premiums are encouraged to structure their Audit committees with at least a supermajority of independent Audit committee members.

Note C: Prior calendar year direct written and assumed premiums shall be the combined total of direct premiums and assumed premiums from non-affiliates for the reporting entities.

(h) An insurer with direct written and assumed premium, excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$500,000,000 may make application to the Office for a waiver from the Section (14) requirements based upon hardship. The insurer shall file, with its annual statement filing, the approval for relief from Section (14) with the states that it is licensed in or doing business in and the NAIC. If the non-domestic state accepts electronic filing with the NAIC, the insurer shall file the approval in an electronic format acceptable to the NAIC.

(15) Conduct of Insurer in Connection with the Preparation of Required Reports and Documents

(a) No director or officer of an insurer shall, directly or indirectly:

1. Make or cause to be made a materially false or misleading statement to an accountant in connection with any audit, review or communication required under this regulation; or

2. Omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which the statements were made, not misleading to an accountant in connection with any audit, review or communication required under this regulation.

(b) No officer or director of an insurer, or any other person acting under the direction thereof, shall directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any accountant engaged in the performance of an audit pursuant to this regulation if that person knew or should have known that the action, if successful, could result in rendering the insurer's financial statements materially misleading.

(c) For purposes of Subsection (b) of this section, actions that, "if successful, could result in rendering the insurer's financial statements materially misleading" include, but are not limited to, actions taken at any time with respect to the professional engagement period to coerce, manipulate, mislead or fraudulently influence an accountant:

1. To issue or reissue a report on an insurer's financial statements that is not warranted in the circumstances (due to material violations of statutory accounting principles prescribed by the Office, generally accepted auditing standards, or other professional or regulatory standards);

2. Not to perform audit, review or other procedures required by generally accepted auditing standards or other professional standards;

3. Not to withdraw an issued report; or

4. Not to communicate matters to an insurer's Audit committee.

(16) Management's Report of Internal Control over Financial Reporting

(a) Every insurer required to file an Audited Financial Report pursuant to this regulation that has annual direct written and assumed premiums, excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of \$500,000,000 or more shall prepare a report of the insurer's or Group of insurers' Internal control over financial reporting, as these terms are defined in Section (3). The report shall be filed with the Office along with the Communication of Internal Control Related Matters Noted in an Audit described under Section (11). Management's Report of Internal Control over Financial Reporting shall be as of December 31 immediately preceding.

(b) Notwithstanding the premium threshold in Subsection (a), the Office may require an insurer to file Management's Report of Internal Control over Financial Reporting if the insurer is in any RBC level event, or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in Section 624.418, Florida Statutes.

(c) An insurer or a Group of insurers that is

1. directly subject to Section 404;

2. part of a holding company system whose parent is directly subject to Section 404;

3. not directly subject to Section 404 but is a SOX Compliant Entity; or,

4. a member of a holding company system whose parent is not directly subject to Section 404 but is a SOX Compliant Entity; may file its or its parent's Section 404 Report and an addendum in satisfaction of this Section 16 requirement provided that those internal controls of the insurer or Group of insurers having a material impact on the preparation of the insurer's or Group of insurers' audited statutory financial statements (those items included in Section (5) (b) 2. through (5) (b) 7. of this regulation) were included in the scope of the Section 404 Report. The addendum shall be a positive statement by management that there are no material processes with respect to the preparation of the insurer's or Group of insurers' audited statutory financial statements (those items included in Section (5)(b) 2. through (5)(b) 7. of this regulation) excluded from the Section 404 Report. If there are internal controls of the insurer or Group of insurers that have a material impact on the preparation of the insurer's or Group of insurers' audited statutory financial statements and those internal controls were not included in the scope of the Section 404 Report, the insurer or Group of insurers may either file (i) a Section (16) report, or (ii) the Section 404 Report and a Section (16) report for those internal controls that have a material impact on the preparation of the insurer's or Group of insurers' audited statutory financial statements not covered by the Section 404 Report.

(d). Management's Report of Internal Control over Financial Reporting shall include:

1. A statement that management is responsible for establishing and maintaining adequate Internal control over financial reporting;

2. A statement that management has established Internal control over financial reporting and an assertion, to the best of management's knowledge and belief, after diligent inquiry, as to whether its Internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial statements in accordance with statutory accounting principles;

3. A statement that briefly describes the approach or processes by which management evaluated the effectiveness of its Internal control over financial reporting; and

4. A statement that briefly describes the scope of work that is included and whether any internal controls were excluded;

5. Disclosure of any unremediated material weaknesses in the Internal control over financial reporting identified by management as of December 31 immediately preceding. Management is not permitted to conclude that the Internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial statements in accordance with statutory accounting principles if there is one or more unremediated material weaknesses in its Internal controls over financial reporting.;

6. A statement regarding the inherent limitations of internal control systems; and

7 Signatures of the chief executive officer and the chief financial officer (or equivalent position/title).

(e) Management shall document and make available upon financial condition examination the basis upon which its assertions, required in Subsection (d) above, are made. Management may base its assertions, in part, upon its review, monitoring and testing of internal controls undertaken in the normal course of its activities.

1. Management shall have discretion as to the nature of the internal control framework used, and the nature and extent of documentation, in order to make its assertion in a cost effective manner and, as such, may include assembly of or reference to existing documentation.

2. Management's Report on Internal Control over Financial Reporting, required by Subsection (a) above, and any documentation provided in support thereof during the course of a financial condition examination, shall be kept confidential by the Office.

(17)(14) Exemptions and Effective Dates

(a) Upon written application of any insurer, the Office may shall grant an exemption from compliance with the filing of an annual audited financial report received by the Office by March 1 of the year following the calendar year to which the application applies any and all provisions of this regulation if the Office finds, upon review of the application, that compliance with this regulation would constitute a financial or organization hardship upon the insurer. An exemption may be granted at any time and from time to time for a specified period or periods. Within ten (10) days from a denial of an insurer's written request for an exemption from this rule, the insurer may request in writing a hearing on its application for an exemption. The hearing shall be held in accordance with the regulations of the Florida Office of Insurance Regulation pertaining to administrative hearing procedures. the insurer is under an order of receivership, conservatorship, rehabilitation, or is in another delinquency proceeding by the public insurance supervising official of any state, and the insurer has been granted an exemption from filing an annual audited financial report by its state of domicile. An exemption shall be granted for one year only. Exemptions for future years require additional applications.

(b) Domestic insurers shall comply with this regulation for the year ending December 31, 2010 and each year thereafter unless the Office permits otherwise. All authorized insurers shall comply with this rule for the year ending December 31, 1991, and each year thereafter unless the Office permits otherwise.

(c) Foreign insurers shall comply with this regulation for the year ending December 31, 2010 and each year thereafter, unless the Office permits otherwise. Form OIR-DO-1431, (Rev. 10/04), "Audited Financial Statements Exemption Affidavit", is hereby incorporated by reference to be the form specified in Section 624.424(8)(b), Florida Statutes, for exemptions from compliance with the filing of an annual audited financial statement. This form is available from Life & Health Financial Oversight or Property & Casualty Financial Oversight at 200 East Gaines Street, Tallahassee, Florida 32399. The form is also available from the Office of Insurance Regulation's website located at the following address: www.fldfs.com/companies/.

(d) The requirements of Section (7)(c) shall be in effect for audits of the year beginning January 1, 2010 and thereafter.

(e) The requirements of Section (14) are to be in effect January 1, 2010. An insurer or Group of insurers that is not required to have independent Audit committee members or only a majority of independent Audit committee members (as opposed to a supermajority) because the total written and assumed premium is below the threshold and subsequently becomes subject to one of the independence requirements due to changes in premium shall have one (1) year following the year the threshold is exceeded (but not earlier than January 1, 2010) to comply with the independence requirements. Likewise, an insurer that becomes subject to one of

the independence requirements as a result of a business combination shall have one (1) calendar year following the date of acquisition or combination to comply with the independence requirements.

(f) The requirements of Section 16 and other modified sections, except for Section (14) covered above, are effective beginning with the reporting period ending December 31, 2010 and each year thereafter. An insurer or Group of insurers that is not required to file a report because the total written premium is below the threshold and subsequently becomes subject to the reporting requirements shall have two (2) years following the year the threshold is exceeded (but not earlier than December 31, 2010) to file a report. Likewise, an insurer acquired in a business combination shall have two (2) calendar years following the date of acquisition or combination to comply with the reporting requirements.

(18) ~~(15)~~ Canadian and British Companies.

(a) In the case of Canadian and British insurers, the annual Audited Financial Report shall be defined as the annual statement of total business on the form filed by the companies with their ~~domiciliary~~ supervision authority duly audited by an independent chartered accountant.

(b) For these insurers, the letter required in subsection (6)(b), above, shall state that the accountant is aware of the requirements relating to the annual ~~a Audited statement~~ Financial Report filed with the Office pursuant to subsection (4), above, and shall affirm that the opinion expressed is in conformity with these requirements.

(19) Severability Provision

If any section of portion of this regulation or its applicability to any person or circumstance is held invalid by a court, the remainder of the regulation or the applicability of the provision to other persons or circumstances shall not be affected.

Rulemaking Specific Authority 624.308(1), 624.424(8)(e) FS. Law Implemented 624.307(1), 624.324, 624.424(8) FS. History—New 3-31-92, Amended 3-14-94, 8-17-98, 4-4-01, 8-14-02, Formerly 4-137.002, Amended 11-3-05.

**AUDITED FINANCIAL STATEMENTS
EXEMPTION AFFIDAVIT**

Section 624.424(8)(b), Florida Statutes
(Filing Deadline - **MARCH 1**)

I, the undersigned, hereby certify that

(Name of Company)

(Address)

(City, State, Zip)

(Federal ID Number)

is automatically exempt from filing audited financial statements as permitted by Section 624.424(8)(b), Florida Statutes.

I further certify the amount of direct premiums written during the calendar year in the State of Florida for _____ (year ending December 31 prior to March 1 filing due date) was \$ _____ and the number of policyholders or certificate holders of directly written policies nationwide at the end of the calendar year was _____.

Signature Date

Officer's Name/Title (print or type)

Notary Public

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.—

(8) (e) The commission shall adopt rules to implement this subsection, which rules must be in substantial conformity with the 1998 Model Rule Requiring Annual Audited Financial Reports adopted by the National Association of Insurance Commissioners or subsequent amendments, except where inconsistent with the requirements of this subsection. Any exception to, waiver of, or interpretation of accounting requirements of the commission must be in writing and signed by an authorized representative of the office. No insurer may raise as a defense in any action, any exception to, waiver of, or interpretation of accounting requirements, unless previously issued in writing by an authorized representative of the office.

624.307 General powers; duties.--

- (1) The department and office shall enforce the provisions of this code and shall execute the duties imposed upon them by this code, within the respective jurisdiction of each, as provided by law.

624.424 Annual statement and other information.--

(8)(a) All authorized insurers must have conducted an annual audit by an independent certified public accountant and must file an audited financial report with the office on or before June 1 for the preceding year ending December 31. The office may require an insurer to file an audited financial report earlier than June 1 upon 90 days' advance notice to the insurer. The office may immediately suspend an insurer's certificate of authority by order if an insurer's failure to file required reports, financial statements, or information required by this subsection or rule adopted pursuant thereto creates a significant uncertainty as to the insurer's continuing eligibility for a certificate of authority.

(b) Any authorized insurer otherwise subject to this section having direct premiums written in this state of less than \$1 million in any calendar year and fewer than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of such calendar year is exempt from this section for such year unless the office makes a specific finding that compliance is necessary in order for the office to carry out its statutory responsibilities. However, any insurer having assumed premiums pursuant to contracts or treaties or reinsurance of \$1 million or more is not exempt. Any insurer subject to an exemption must submit by March 1 following the year to which the exemption applies an affidavit sworn to by a responsible officer of the insurer specifying the amount of direct premiums written in this state and number of policyholders or certificateholders.

(c) The board of directors of an insurer shall hire the certified public accountant that prepares the audit required by this subsection and the board shall establish an audit committee of three or more directors of the insurer or an affiliated company. The audit committee shall be responsible for discussing audit findings and interacting with the certified public accountant with regard to her or his findings. The audit committee shall be comprised solely of members who are free from any relationship that, in the opinion of its board of directors, would interfere with the exercise of independent judgment as a committee member. The audit committee shall report to the board any findings of adverse financial conditions or significant deficiencies in internal controls that have been noted by the accountant. The insurer may request the office to waive this requirement of the audit committee membership based upon unusual hardship to the insurer.

(d) An insurer may not use the same accountant or partner of an accounting firm responsible for preparing the report required by this subsection for more than 7 consecutive years. Following this period, the insurer may not use such accountant or partner for a period of 2 years, but may use another accountant or partner of the same firm. An insurer may request the office to waive this prohibition based upon an unusual hardship to the insurer and a determination that the accountant is exercising independent judgment that is not unduly influenced by the insurer considering such factors as the number of partners, expertise of the partners or the number of insurance clients of the accounting firm; the premium volume of the insurer; and the number of jurisdictions in which the insurer transacts business.

(e) The commission shall adopt rules to implement this subsection, which rules must be in substantial conformity with the 1998 Model Rule Requiring Annual Audited Financial Reports adopted by the National Association of Insurance Commissioners or subsequent amendments, except where inconsistent with the requirements of this subsection. Any exception to, waiver of, or interpretation of accounting requirements of the commission must be in writing and signed by an authorized representative of the office. No insurer may raise as a defense in any action, any exception to, waiver of, or interpretation of accounting requirements, unless previously issued in writing by an authorized representative of the office.

M E M O R A N D U M

DATE: January 11, 2010
TO: Kevin M. McCarty, Commissioner, Office of Insurance Regulation
THROUGH: Steven H. Parton, General Counsel
FROM: Dennis Threadgill
Bob Prentiss
SUBJECT: Cabinet Agenda for January 26, 2010
Request for Approval to Publish Amendments to
Rule 69O-157.302, 303, 304
Assmt. # 44306

The Office of Insurance Regulation requests that these proposed rule amendments be presented to the Cabinet aides on or before January 20, 2010 and to the Financial Services Commission on January 26, 2010, with a request to approve for publication the proposed rules.

Paragraph 627.9407(7)(c), Florida Statutes, regarding long-term care insurance, provides that any premium increase for existing insureds shall not result in a premium that exceeds the premium charged on a newly issued policy. This puts limits on how high the premium for existing customers can rise; they cannot be higher than rates charged for new policies.

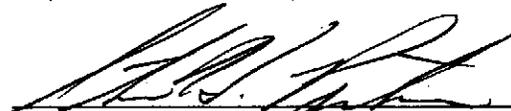
The paragraph further provides that if the insurer is not issuing new coverage, the new business rate shall be as published by the Office, at the rate representing the new business rate of insurers representing 80 % of the carriers currently offering policies with similar coverage, as determined by the prior calendar year earned premium.

In simple terms, every year the Office does a survey of insurers issuing new policies, and comes up with the "new business rate", broken down by geographical area, and type of long-term care insurance.

Rules 69O-157.302, 303, and 304, F.A.C., pertaining to Facility Only Rates, Home Health Care Only Rates, and Comprehensive Only Rates, respectively, are being amended to publish the new business rates that will be effective for 2010.

Amanda Hunter 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:



Steven H. Parton, General Counsel

Approved for submission to Financial Services
Commission:



Kevin M. McCarty, Commissioner
Office of Insurance Regulation

69O-157.302 Facility Only Rates.

(1) The following maximum new business rates are effective for 2009~~10~~ rate increase filings and for 2010~~11~~ rate filings until new rates are published: These annual rates are appropriate for:

- (a) Tax qualified policies;
- (b) A benefit of \$100/day;
- (c) An elimination period of 90 days.
- (d) Policies offering Restoration of Benefits, and
- (e) Sales in Hillsborough County. For all other counties, the rate from this table should be adjusted by the insurer's current area factor applicable in that county relative to the insurer's area factor in Hillsborough County.

(f) Insurers who did not use area factors in the closed blocks for which a rate change is being requested may calculate the new business rate as a weighted average of the Hillsborough and the South Florida area factors, where the weights used are in-force premium by county. For the purposes of this calculation, the South Florida area factors are those that apply in Broward, ~~Duval~~ Miami-Dade and Palm Beach county. The South Florida area factor is equal to 1.00.

(2) Facility Only Rates:

Issue Age	3-Yr Benefit Period	5-Yr. Benefit Period	Unlimited Benefit Period
30	\$244.38	\$296.71	\$324.72
31	\$245.76	\$299.01	\$324.72
32	\$247.18	\$301.32	\$324.72
33	\$248.61	\$303.70	\$324.72
34	\$250.08	\$306.08	\$324.72
35	\$274.33	\$339.84	\$393.60
36	\$275.92	\$342.43	\$393.60
37	\$277.56	\$345.02	\$393.60
38	\$279.19	\$347.65	\$393.60
39	\$280.87	\$350.32	\$393.60
40	\$305.37	\$378.71	\$447.72
41	\$307.09	\$381.46	\$447.72
42	\$308.81	\$384.30	\$447.72
43	\$310.57	\$387.18	\$447.72
44	\$312.37	\$390.10	\$447.72
45	\$362.59	\$455.72	\$575.64
46	\$365.02	\$459.37	\$575.64
47	\$367.49	\$463.12	\$575.64
48	\$370.01	\$466.94	\$575.64
49	\$372.56	\$470.84	\$575.64
50	\$392.25	\$497.62	\$629.76
51	\$403.43	\$510.23	\$649.44
52	\$411.81	\$525.78	\$669.12
53	\$431.63	\$549.95	\$713.40
54	\$454.37	\$579.89	\$762.60
55	\$477.16	\$607.08	\$816.72
56	\$511.89	\$650.81	\$870.84
57	\$547.50	\$695.62	\$934.80
58	\$589.72	\$747.22	\$1,008.60
59	\$632.91	\$805.76	\$1,087.32
60	\$682.93	\$865.57	\$1,170.96
61	\$734.08	\$932.48	\$1,264.44
62	\$789.34	\$1,000.87	\$1,362.84
63	\$859.63	\$1,093.53	\$1,485.84
64	\$937.93	\$1,192.11	\$1,613.76
65	\$1,017.65	\$1,289.90	\$1,756.44
66	\$1,105.08	\$1,399.93	\$1,913.88
67	\$1,200.43	\$1,521.37	\$2,081.16
68	\$1,320.99	\$1,677.23	\$2,322.24

69	\$1,471.97	\$1,856.70	\$2,583.00
70	\$1,637.36	\$2,071.79	\$2,878.20
71	\$1,842.51	\$2,312.52	\$3,207.84
72	\$2,059.81	\$2,579.92	\$3,576.84
73	\$2,274.97	\$2,868.25	\$3,936.00
74	\$2,502.28	\$3,190.21	\$4,334.52
75	\$2,767.75	\$3,547.64	\$4,777.32
76	\$3,074.08	\$3,942.45	\$5,259.40
77	\$3,415.26	\$4,385.38	\$5,790.76
78	\$3,796.56	\$4,872.71	\$6,435.28
79	\$4,215.98	\$5,416.32	\$7,153.60
80	\$4,683.37	\$6,020.61	\$7,950.64
81	\$5,205.93	\$6,725.28	\$8,836.24
82	\$5,782.36	\$7,499.43	\$9,820.24
83	\$6,313.69	\$8,190.73	\$10,622.20
84	\$6,890.31	\$8,918.80	\$11,488.12
85	\$8,214.34	\$10,442.14	\$12,427.84
86	\$8,930.08	\$11,338.00	\$13,446.28
87	\$9,702.70	\$12,319.18	\$14,543.44
88	\$10,546.42	\$13,380.94	\$15,734.00
89	\$11,461.24	\$14,532.68	\$17,018.12

Issue Age	3-Yr Benefit Period	5-Yr. Benefit Period	Unlimited Benefit Period
30	<u>\$228.66</u>	<u>\$275.22</u>	<u>\$324.72</u>
31	<u>\$229.22</u>	<u>\$276.15</u>	<u>\$324.72</u>
32	<u>\$229.80</u>	<u>\$277.08</u>	<u>\$324.72</u>
33	<u>\$230.37</u>	<u>\$278.04</u>	<u>\$324.72</u>
34	<u>\$230.96</u>	<u>\$279.01</u>	<u>\$324.72</u>
35	<u>\$263.37</u>	<u>\$323.73</u>	<u>\$393.60</u>
36	<u>\$264.01</u>	<u>\$324.77</u>	<u>\$393.60</u>
37	<u>\$264.67</u>	<u>\$325.82</u>	<u>\$393.60</u>
38	<u>\$265.33</u>	<u>\$326.88</u>	<u>\$393.60</u>
39	<u>\$266.01</u>	<u>\$327.96</u>	<u>\$393.60</u>
40	<u>\$298.51</u>	<u>\$364.86</u>	<u>\$447.72</u>
41	<u>\$299.21</u>	<u>\$365.97</u>	<u>\$447.72</u>
42	<u>\$299.90</u>	<u>\$367.12</u>	<u>\$447.72</u>
43	<u>\$300.61</u>	<u>\$368.28</u>	<u>\$447.72</u>
44	<u>\$301.34</u>	<u>\$369.45</u>	<u>\$447.72</u>
45	<u>\$369.67</u>	<u>\$458.14</u>	<u>\$575.64</u>
46	<u>\$370.65</u>	<u>\$459.62</u>	<u>\$575.64</u>
47	<u>\$371.65</u>	<u>\$461.13</u>	<u>\$575.64</u>
48	<u>\$372.66</u>	<u>\$462.67</u>	<u>\$575.64</u>
49	<u>\$373.70</u>	<u>\$464.24</u>	<u>\$575.64</u>
50	<u>\$398.60</u>	<u>\$497.67</u>	<u>\$629.76</u>
51	<u>\$411.60</u>	<u>\$511.24</u>	<u>\$649.44</u>
52	<u>\$420.64</u>	<u>\$528.82</u>	<u>\$669.12</u>
53	<u>\$445.60</u>	<u>\$558.37</u>	<u>\$713.40</u>
54	<u>\$474.57</u>	<u>\$595.90</u>	<u>\$762.60</u>
55	<u>\$503.55</u>	<u>\$629.49</u>	<u>\$816.72</u>
56	<u>\$540.19</u>	<u>\$675.41</u>	<u>\$870.84</u>
57	<u>\$577.18</u>	<u>\$721.76</u>	<u>\$934.80</u>
58	<u>\$622.49</u>	<u>\$776.52</u>	<u>\$1,008.60</u>
59	<u>\$668.19</u>	<u>\$839.72</u>	<u>\$1,087.32</u>
60	<u>\$722.30</u>	<u>\$903.44</u>	<u>\$1,170.96</u>
61	<u>\$776.87</u>	<u>\$975.68</u>	<u>\$1,264.44</u>
62	<u>\$835.93</u>	<u>\$1,048.51</u>	<u>\$1,362.84</u>

63	<u>\$909.53</u>	<u>\$1,145.28</u>	<u>\$1,485.84</u>
64	<u>\$992.02</u>	<u>\$1,247.26</u>	<u>\$1,613.76</u>
65	<u>\$1,077.91</u>	<u>\$1,354.58</u>	<u>\$1,756.44</u>
66	<u>\$1,172.56</u>	<u>\$1,472.49</u>	<u>\$1,913.88</u>
67	<u>\$1,276.07</u>	<u>\$1,603.49</u>	<u>\$2,081.16</u>
68	<u>\$1,412.37</u>	<u>\$1,779.48</u>	<u>\$2,322.24</u>
69	<u>\$1,575.08</u>	<u>\$1,979.13</u>	<u>\$2,583.00</u>
70	<u>\$1,754.91</u>	<u>\$2,207.30</u>	<u>\$2,878.20</u>
71	<u>\$1,962.10</u>	<u>\$2,462.77</u>	<u>\$3,207.84</u>
72	<u>\$2,188.32</u>	<u>\$2,745.97</u>	<u>\$3,576.84</u>
73	<u>\$2,413.69</u>	<u>\$3,040.44</u>	<u>\$3,936.00</u>
74	<u>\$2,658.09</u>	<u>\$3,368.27</u>	<u>\$4,334.52</u>
75	<u>\$2,934.86</u>	<u>\$3,730.21</u>	<u>\$4,777.32</u>
76	<u>\$3,245.07</u>	<u>\$4,127.01</u>	<u>\$5,259.40</u>
77	<u>\$3,589.14</u>	<u>\$4,571.51</u>	<u>\$5,790.76</u>
78	<u>\$4,000.29</u>	<u>\$5,093.26</u>	<u>\$6,435.28</u>
79	<u>\$4,452.28</u>	<u>\$5,677.36</u>	<u>\$7,153.60</u>
80	<u>\$4,957.50</u>	<u>\$6,328.35</u>	<u>\$7,950.64</u>
81	<u>\$5,524.62</u>	<u>\$7,065.07</u>	<u>\$8,836.24</u>
82	<u>\$6,150.23</u>	<u>\$7,883.56</u>	<u>\$9,820.24</u>
83	<u>\$6,698.27</u>	<u>\$8,583.79</u>	<u>\$10,622.20</u>
84	<u>\$7,290.02</u>	<u>\$9,332.78</u>	<u>\$11,488.12</u>
85	<u>\$8,214.34</u>	<u>\$10,442.14</u>	<u>\$12,427.84</u>
86	<u>\$8,930.08</u>	<u>\$11,338.00</u>	<u>\$13,446.28</u>
87	<u>\$9,702.70</u>	<u>\$12,319.18</u>	<u>\$14,543.44</u>
88	<u>\$10,546.42</u>	<u>\$13,380.94</u>	<u>\$15,734.00</u>
89	<u>\$11,461.24</u>	<u>\$14,532.68</u>	<u>\$17,018.12</u>

Rulemaking Authority 627.9408(1) FS. Law Implemented 627.9407(7) FS. History—New 11-1-07, Amended 5-31-09.

69O-157.303 Home Health Care Only Rates.

(1) The following maximum new business rates are effective for 2009~~10~~ rate increase filings and for 2010~~11~~ rate filings until new rates are published. These annual rates are appropriate for:

- (a) Tax qualified policies;
- (b) A benefit of \$100/day;
- (c) An elimination period of 0 days;
- (d) Policies offering Restoration of Benefits, and
- (e) Sales in Hillsborough County. For all other counties, the rate from this table should be adjusted by the insurer's current area factor applicable in that county relative to the insurer's area factor in Hillsborough County.

(f) Insurers who did not use area factors in the closed blocks for which a rate change is being requested may calculate the new business rate as a weighted average of the Hillsborough and the South Florida area factors, where the weights used are in-force premium by county. For the purposes of this calculation, the South Florida area factors are those that apply in Broward, ~~Duval~~ Miami-Dade and Palm Beach county. The South Florida area factor is equal to ~~4.30~~ 1.34.

(2) Home Health Care Only Rates:

Issue Age	3-Yr Benefit Period	5-Yr. Benefit Period	Unlimited Benefit Period
30	\$272.61	\$315.91	\$353.52
31	\$272.61	\$315.91	\$353.52
32	\$272.61	\$315.91	\$353.52
33	\$272.61	\$315.91	\$353.52
34	\$272.61	\$315.91	\$353.52
35	\$292.22	\$341.82	\$391.06
36	\$292.22	\$341.82	\$391.06
37	\$292.22	\$341.82	\$391.06
38	\$292.22	\$341.82	\$391.06
39	\$292.22	\$341.82	\$391.06
40	\$324.90	\$380.85	\$434.82
41	\$324.90	\$380.85	\$434.82
42	\$324.90	\$380.85	\$434.82
43	\$324.90	\$380.85	\$434.82
44	\$324.90	\$380.85	\$434.82
45	\$370.83	\$445.80	\$509.73
46	\$370.83	\$445.80	\$509.73
47	\$370.83	\$445.80	\$509.73
48	\$370.83	\$445.80	\$509.73
49	\$370.83	\$445.80	\$509.73
50	\$421.10	\$505.80	\$580.43
51	\$434.17	\$525.23	\$599.12
52	\$453.78	\$538.19	\$624.11
53	\$466.85	\$564.09	\$649.11
54	\$486.64	\$583.70	\$674.02
55	\$531.60	\$638.59	\$728.08
56	\$558.45	\$665.26	\$770.08
57	\$592.02	\$702.21	\$812.26
58	\$632.66	\$752.71	\$867.74
59	\$673.29	\$799.76	\$923.39
60	\$710.48	\$856.73	\$978.95
61	\$757.65	\$907.40	\$1,037.12
62	\$805.00	\$960.84	\$1,098.99
63	\$869.58	\$1,045.35	\$1,187.81
64	\$937.24	\$1,129.94	\$1,286.48
65	\$1,015.07	\$1,221.01	\$1,381.53
66	\$1,092.89	\$1,308.46	\$1,482.81
67	\$1,170.63	\$1,406.00	\$1,590.31
68	\$1,268.77	\$1,523.75	\$1,714.91

69	\$1,373.54	\$1,651.59	\$1,852.13
70	\$1,484.75	\$1,782.46	\$1,995.50
71	\$1,602.50	\$1,923.26	\$2,145.09
72	\$1,720.25	\$2,067.09	\$2,307.23
73	\$1,849.76	\$2,216.67	\$2,457.18
74	\$1,979.08	\$2,369.96	\$2,613.54
75	\$2,118.57	\$2,532.58	\$2,779.57
76	\$2,261.06	\$2,698.82	\$2,948.38
77	\$2,403.54	\$2,867.92	\$3,123.33
78	\$2,587.37	\$3,079.04	\$3,330.88
79	\$2,771.21	\$3,293.78	\$3,544.75
80	\$2,968.20	\$3,511.28	\$3,754.99
81	\$3,171.73	\$3,745.54	\$3,981.31
82	\$3,381.79	\$3,982.57	\$4,213.86
83	\$3,595.48	\$4,223.98	\$4,447.43
84	\$3,819.42	\$4,471.88	\$4,697.07
85	\$4,052.80	\$4,729.19	\$4,943.09
86	\$4,296.34	\$4,996.60	\$5,205.36
87	\$4,542.80	\$5,270.49	\$5,470.06
88	\$4,921.25	\$5,687.82	\$5,849.84
89	\$5,302.62	\$6,111.55	\$6,235.76

Issue Age	3-Yr Benefit Period	5-Yr. Benefit Period	Unlimited Benefit Period
30	<u>\$300.45</u>	<u>\$352.73</u>	<u>\$389.82</u>
31	<u>\$300.45</u>	<u>\$352.73</u>	<u>\$389.82</u>
32	<u>\$300.45</u>	<u>\$352.73</u>	<u>\$389.82</u>
33	<u>\$300.45</u>	<u>\$352.73</u>	<u>\$389.82</u>
34	<u>\$300.45</u>	<u>\$352.73</u>	<u>\$389.82</u>
35	<u>\$317.66</u>	<u>\$375.46</u>	<u>\$422.76</u>
36	<u>\$317.66</u>	<u>\$375.46</u>	<u>\$422.76</u>
37	<u>\$317.66</u>	<u>\$375.46</u>	<u>\$422.76</u>
38	<u>\$317.66</u>	<u>\$375.46</u>	<u>\$422.76</u>
39	<u>\$317.66</u>	<u>\$375.46</u>	<u>\$422.76</u>
40	<u>\$346.34</u>	<u>\$409.72</u>	<u>\$461.16</u>
41	<u>\$346.34</u>	<u>\$409.72</u>	<u>\$461.16</u>
42	<u>\$346.34</u>	<u>\$409.72</u>	<u>\$461.16</u>
43	<u>\$346.34</u>	<u>\$409.72</u>	<u>\$461.16</u>
44	<u>\$346.34</u>	<u>\$409.72</u>	<u>\$461.16</u>
45	<u>\$386.64</u>	<u>\$466.71</u>	<u>\$526.90</u>
46	<u>\$386.64</u>	<u>\$466.71</u>	<u>\$526.90</u>
47	<u>\$386.64</u>	<u>\$466.71</u>	<u>\$526.90</u>
48	<u>\$386.64</u>	<u>\$466.71</u>	<u>\$526.90</u>
49	<u>\$386.64</u>	<u>\$466.71</u>	<u>\$526.90</u>
50	<u>\$436.88</u>	<u>\$527.53</u>	<u>\$597.11</u>
51	<u>\$448.35</u>	<u>\$544.59</u>	<u>\$613.51</u>
52	<u>\$465.56</u>	<u>\$555.95</u>	<u>\$635.44</u>
53	<u>\$477.03</u>	<u>\$578.69</u>	<u>\$657.38</u>
54	<u>\$494.39</u>	<u>\$595.90</u>	<u>\$679.24</u>
55	<u>\$548.14</u>	<u>\$660.38</u>	<u>\$743.00</u>
56	<u>\$575.78</u>	<u>\$687.87</u>	<u>\$785.99</u>
57	<u>\$609.32</u>	<u>\$726.42</u>	<u>\$829.12</u>
58	<u>\$653.14</u>	<u>\$780.94</u>	<u>\$888.01</u>
59	<u>\$696.96</u>	<u>\$830.39</u>	<u>\$947.05</u>
60	<u>\$735.72</u>	<u>\$890.59</u>	<u>\$1,006.01</u>
61	<u>\$785.28</u>	<u>\$945.26</u>	<u>\$1,065.22</u>
62	<u>\$834.99</u>	<u>\$1,000.32</u>	<u>\$1,129.72</u>

63	<u>\$905.94</u>	<u>\$1,092.84</u>	<u>\$1,226.03</u>
64	<u>\$977.57</u>	<u>\$1,185.44</u>	<u>\$1,333.02</u>
65	<u>\$1,060.15</u>	<u>\$1,283.72</u>	<u>\$1,434.80</u>
66	<u>\$1,142.73</u>	<u>\$1,376.79</u>	<u>\$1,542.04</u>
67	<u>\$1,225.23</u>	<u>\$1,480.75</u>	<u>\$1,654.74</u>
68	<u>\$1,329.72</u>	<u>\$1,606.53</u>	<u>\$1,788.57</u>
69	<u>\$1,440.02</u>	<u>\$1,743.20</u>	<u>\$1,933.48</u>
70	<u>\$1,555.98</u>	<u>\$1,880.50</u>	<u>\$2,083.78</u>
71	<u>\$1,677.68</u>	<u>\$2,028.54</u>	<u>\$2,239.54</u>
72	<u>\$1,799.38</u>	<u>\$2,177.21</u>	<u>\$2,406.31</u>
73	<u>\$1,941.59</u>	<u>\$2,345.20</u>	<u>\$2,576.68</u>
74	<u>\$2,083.65</u>	<u>\$2,518.49</u>	<u>\$2,752.65</u>
75	<u>\$2,236.67</u>	<u>\$2,697.93</u>	<u>\$2,939.17</u>
76	<u>\$2,390.27</u>	<u>\$2,882.58</u>	<u>\$3,126.07</u>
77	<u>\$2,543.88</u>	<u>\$3,067.70</u>	<u>\$3,318.37</u>
78	<u>\$2,746.01</u>	<u>\$3,306.02</u>	<u>\$3,557.64</u>
79	<u>\$2,948.15</u>	<u>\$3,549.56</u>	<u>\$3,802.46</u>
80	<u>\$3,161.83</u>	<u>\$3,793.49</u>	<u>\$4,042.05</u>
81	<u>\$3,381.25</u>	<u>\$4,054.16</u>	<u>\$4,297.79</u>
82	<u>\$3,606.40</u>	<u>\$4,315.21</u>	<u>\$4,559.00</u>
83	<u>\$3,836.78</u>	<u>\$4,586.24</u>	<u>\$4,825.18</u>
84	<u>\$4,078.18</u>	<u>\$4,862.95</u>	<u>\$5,107.51</u>
85	<u>\$4,325.84</u>	<u>\$5,145.89</u>	<u>\$5,384.62</u>
86	<u>\$4,584.46</u>	<u>\$5,439.74</u>	<u>\$5,678.03</u>
87	<u>\$4,843.59</u>	<u>\$5,739.26</u>	<u>\$5,971.53</u>
88	<u>\$5,281.80</u>	<u>\$6,238.12</u>	<u>\$6,427.23</u>
89	<u>\$5,720.53</u>	<u>\$6,742.59</u>	<u>\$6,888.32</u>

Rulemaking Authority 627.9408(1) FS. Law Implemented 627.9407(7) FS. History--New 11-1-07, Amended 5-31-09.

690-157.304 Comprehensive Only Rates.

(1) The following maximum new business rates are effective for 2009¹⁰ rate increase filings and for 2010¹¹ rate filings until new rates are published. These annual rates are appropriate for:

- (a) Tax qualified policies;
- (b) A benefit of \$100/day;
- (c) An elimination period of 90 days;
- (d) Policies offering Restoration of Benefits, and
- (e) Sales in Hillsborough County. For all other counties, the rate from this table should be adjusted by the insurer's current area factor applicable in that county relative to the insurer's area factor in Hillsborough County.

(f) Insurers who did not use area factors in the closed blocks for which a rate change is being requested may calculate the new business rate as a weighted average of the Hillsborough and the South Florida area factors, where the weights used are in-force premium by county. For the purposes of this calculation, the South Florida area factors are those that apply in Broward, Duval, Miami-Dade and Palm Beach county. The South Florida area factor is equal to 1.00.

(2) Comprehensive Only Rates:

Issue Age	3-Yr Benefit Period	5-Yr. Benefit Period	Unlimited Benefit Period
30	\$356.29	\$454.14	\$622.87
31	\$357.87	\$456.21	\$625.56
32	\$359.50	\$458.88	\$628.85
33	\$361.17	\$470.16	\$640.99
34	\$371.48	\$472.96	\$644.48
35	\$394.20	\$488.52	\$681.96
36	\$396.05	\$500.51	\$694.85
37	\$398.42	\$503.55	\$699.14
38	\$400.41	\$507.18	\$703.57
39	\$411.53	\$510.43	\$708.14
40	\$425.67	\$546.94	\$744.90
41	\$431.46	\$553.40	\$754.41
42	\$435.96	\$558.44	\$761.15
43	\$440.16	\$563.69	\$777.40
44	\$453.08	\$569.55	\$785.18
45	\$462.69	\$600.10	\$811.36
46	\$476.62	\$604.61	\$827.36
47	\$481.31	\$609.99	\$834.12
48	\$487.16	\$617.01	\$843.22
49	\$501.72	\$624.68	\$872.16
50	\$510.28	\$643.51	\$885.02
51	\$530.60	\$665.25	\$910.57
52	\$547.56	\$693.85	\$941.52
53	\$565.67	\$712.92	\$972.94
54	\$584.47	\$743.02	\$1,005.11
55	\$604.14	\$754.11	\$1,038.38
56	\$644.88	\$809.63	\$1,098.41
57	\$679.14	\$865.06	\$1,168.20
58	\$724.11	\$932.83	\$1,241.76
59	\$760.97	\$982.81	\$1,327.49
60	\$817.49	\$1,054.33	\$1,406.23
61	\$883.47	\$1,136.02	\$1,518.87
62	\$954.83	\$1,213.95	\$1,634.80
63	\$1,029.20	\$1,304.31	\$1,763.51

64	\$1,101.86	\$1,392.44	\$1,889.04
65	\$1,189.14	\$1,489.02	\$2,039.15
66	\$1,303.22	\$1,638.22	\$2,242.87
67	\$1,439.64	\$1,819.93	\$2,472.25
68	\$1,586.10	\$1,997.01	\$2,717.22
69	\$1,726.79	\$2,189.76	\$2,977.95
70	\$1,882.16	\$2,399.49	\$3,258.58
71	\$2,122.56	\$2,689.46	\$3,650.61
72	\$2,380.33	\$3,011.03	\$4,078.34
73	\$2,643.96	\$3,334.39	\$4,516.90
74	\$2,925.10	\$3,689.09	\$4,989.64
75	\$3,233.67	\$4,080.01	\$5,495.62
76	\$3,622.71	\$4,564.96	\$6,160.74
77	\$4,043.45	\$5,116.80	\$6,891.93
78	\$4,467.54	\$5,674.34	\$7,616.29
79	\$4,913.66	\$6,236.42	\$8,355.38
80	\$5,365.77	\$7,657.61	\$10,904.13
81	\$5,851.19	\$8,314.46	\$11,818.20
82	\$6,360.85	\$9,038.95	\$12,820.94
83	\$6,954.06	\$9,851.27	\$13,927.26
84	\$7,579.36	\$10,744.46	\$15,117.75
85	\$9,393.68	\$11,738.30	\$16,454.06
86	\$10,622.25	\$13,240.69	\$17,976.84
87	\$11,550.00	\$14,432.21	\$19,582.64
88	\$12,554.44	\$15,692.91	\$21,291.57
89	\$13,619.15	\$17,034.25	\$23,112.87

Issue Age	3-Yr Benefit Period	5-Yr. Benefit Period	Unlimited Benefit Period
30	<u>\$338.04</u>	<u>\$424.62</u>	<u>\$551.77</u>
31	<u>\$339.55</u>	<u>\$426.64</u>	<u>\$553.82</u>
32	<u>\$341.12</u>	<u>\$438.88</u>	<u>\$556.47</u>
33	<u>\$352.01</u>	<u>\$441.06</u>	<u>\$559.25</u>
34	<u>\$353.68</u>	<u>\$443.59</u>	<u>\$562.12</u>
35	<u>\$372.21</u>	<u>\$466.26</u>	<u>\$609.39</u>
36	<u>\$373.99</u>	<u>\$468.92</u>	<u>\$613.04</u>
37	<u>\$376.10</u>	<u>\$471.68</u>	<u>\$616.87</u>
38	<u>\$387.27</u>	<u>\$474.83</u>	<u>\$620.85</u>
39	<u>\$389.53</u>	<u>\$487.62</u>	<u>\$625.03</u>
40	<u>\$401.94</u>	<u>\$511.06</u>	<u>\$666.22</u>
41	<u>\$406.86</u>	<u>\$516.21</u>	<u>\$677.58</u>
42	<u>\$410.98</u>	<u>\$520.70</u>	<u>\$686.36</u>
43	<u>\$424.26</u>	<u>\$525.26</u>	<u>\$696.61</u>
44	<u>\$428.32</u>	<u>\$540.20</u>	<u>\$706.05</u>
45	<u>\$435.39</u>	<u>\$555.82</u>	<u>\$737.53</u>
46	<u>\$447.54</u>	<u>\$560.69</u>	<u>\$749.12</u>
47	<u>\$452.53</u>	<u>\$566.29</u>	<u>\$760.44</u>
48	<u>\$467.40</u>	<u>\$572.59</u>	<u>\$773.49</u>
49	<u>\$473.01</u>	<u>\$589.03</u>	<u>\$798.54</u>
50	<u>\$479.26</u>	<u>\$595.61</u>	<u>\$813.68</u>

51	<u>\$505.23</u>	<u>\$623.11</u>	<u>\$835.17</u>
52	<u>\$513.39</u>	<u>\$649.76</u>	<u>\$864.38</u>
53	<u>\$538.24</u>	<u>\$668.55</u>	<u>\$893.83</u>
54	<u>\$556.76</u>	<u>\$686.10</u>	<u>\$923.80</u>
55	<u>\$576.17</u>	<u>\$705.82</u>	<u>\$953.92</u>
56	<u>\$613.07</u>	<u>\$763.28</u>	<u>\$1,013.97</u>
57	<u>\$644.96</u>	<u>\$814.10</u>	<u>\$1,077.32</u>
58	<u>\$685.09</u>	<u>\$865.63</u>	<u>\$1,142.80</u>
59	<u>\$727.89</u>	<u>\$918.63</u>	<u>\$1,225.21</u>
60	<u>\$770.32</u>	<u>\$982.63</u>	<u>\$1,295.72</u>
61	<u>\$837.63</u>	<u>\$1,054.63</u>	<u>\$1,407.63</u>
62	<u>\$902.26</u>	<u>\$1,125.02</u>	<u>\$1,517.18</u>
63	<u>\$970.76</u>	<u>\$1,216.48</u>	<u>\$1,641.04</u>
64	<u>\$1,037.79</u>	<u>\$1,289.00</u>	<u>\$1,754.64</u>
65	<u>\$1,115.07</u>	<u>\$1,381.69</u>	<u>\$1,897.16</u>
66	<u>\$1,227.95</u>	<u>\$1,534.96</u>	<u>\$2,109.14</u>
67	<u>\$1,363.32</u>	<u>\$1,701.42</u>	<u>\$2,340.31</u>
68	<u>\$1,500.23</u>	<u>\$1,865.03</u>	<u>\$2,577.06</u>
69	<u>\$1,633.30</u>	<u>\$2,052.92</u>	<u>\$2,819.57</u>
70	<u>\$1,789.01</u>	<u>\$2,248.85</u>	<u>\$3,075.07</u>
71	<u>\$2,018.76</u>	<u>\$2,528.81</u>	<u>\$3,470.22</u>
72	<u>\$2,256.08</u>	<u>\$2,812.66</u>	<u>\$3,900.29</u>
73	<u>\$2,512.25</u>	<u>\$3,130.51</u>	<u>\$4,333.65</u>
74	<u>\$2,787.33</u>	<u>\$3,470.24</u>	<u>\$4,800.53</u>
75	<u>\$3,076.60</u>	<u>\$3,832.91</u>	<u>\$5,298.58</u>
76	<u>\$3,443.00</u>	<u>\$4,280.81</u>	<u>\$5,959.12</u>
77	<u>\$3,835.70</u>	<u>\$4,784.33</u>	<u>\$6,705.56</u>
78	<u>\$4,226.95</u>	<u>\$5,296.16</u>	<u>\$7,436.47</u>
79	<u>\$4,655.32</u>	<u>\$5,816.66</u>	<u>\$8,167.71</u>
80	<u>\$5,033.64</u>	<u>\$6,283.38</u>	<u>\$9,137.19</u>
81	<u>\$5,957.64</u>	<u>\$7,384.25</u>	<u>\$9,856.49</u>
82	<u>\$6,462.62</u>	<u>\$8,016.60</u>	<u>\$10,649.85</u>
83	<u>\$7,047.04</u>	<u>\$8,737.67</u>	<u>\$11,569.42</u>
84	<u>\$7,672.15</u>	<u>\$9,524.34</u>	<u>\$12,583.26</u>
85	<u>\$8,275.28</u>	<u>\$10,351.15</u>	<u>\$13,731.52</u>
86	<u>\$9,225.98</u>	<u>\$11,509.12</u>	<u>\$15,353.86</u>
87	<u>\$9,960.46</u>	<u>\$12,463.27</u>	<u>\$16,617.84</u>
88	<u>\$10,770.06</u>	<u>\$13,480.85</u>	<u>\$17,971.04</u>
89	<u>\$11,635.34</u>	<u>\$14,571.84</u>	<u>\$19,424.16</u>

Rulemaking Authority 627.9408(1) FS. Law Implemented 627.9407(7) FS. History--New 11-1-07, Amended 5-31-09.

627.9408 Rules.--

(1) The commission may adopt rules pursuant to ss. 120.536(1) and 120.54 to administer this part.

627.9407 Disclosure, advertising, and performance standards for long-term care insurance.--

(7) RATE STRUCTURE.--

- (a) A long-term care insurance policy may not be issued if the premiums to be charged are calculated to increase based solely on the age of the insured.
- (b) Any long-term care insurance policy or certificate issued or renewed, at the option of the policyholder or certificateholder, shall make available to the insured the contingent benefit upon lapse as provided in the Long-Term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners in the second quarter of the year 2000.
- (c) Any premium increase for existing insureds shall not result in a premium charged to the insureds that would exceed the premium charged on a newly issued insurance policy, except to reflect benefit differences. If the insurer is not currently issuing new coverage, the new business rate shall be as published by the office at the rate representing the new business rate of insurers representing 80 percent of the carriers currently issuing policies with similar coverage as determined by the prior calendar year earned premium.
- (d) Compliance with the pooling provisions of s. 627.410(6)(e)3. shall be determined by pooling the experience of all affiliated insurers.