



Lisa Miller & Associates

Business Development, Government Consulting, Public Relations

POLICY UPDATE

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OIR Rule Workshop on Data Reporting, Workers' Comp, and Fines

The Florida Office of Insurance Regulation (OIR) held a rule workshop on May 30, 2024 on proposed new rules and forms impacting workers' compensation insurance and a variety of data reporting requirements on insurance companies. There were several issues of contention expressed by industry representatives in attendance.

Quarterly Reporting to Become Monthly

In its 2024 session, the Florida Legislature passed [SB 1622](#) which changed OIR's QUASR reporting from quarterly to monthly and requires the data from insurance companies to be submitted by zip code rather than by county. At the workshop, OIR presented proposed rule [69O-137.009](#) and form [OIR-D0-1185](#) to accomplish this.

Industry representatives attending questioned the effective date of the new reporting requirements and whether reporting by county will persist or transition solely to reporting by zip code. OIR clarified that the new monthly reporting is effective January 1, 2025, while quarterly reporting remains mandatory until December 31, 2024. This transition will necessitate filing three reports within 30 days from February 15 to March 15, 2025: monthly reports for January and February due 15 days after the end of each month, and the last quarterly report on 2024 data due on March 1. An insurance company at the workshop requested the 15 calendar-day monthly reporting deadline be extended to 20 days, which OIR said it would take under consideration.

OIR confirmed its intention to retain reporting by county and incorporate the new reporting by zip code, despite the lack of statutory authority to continue county reporting. OIR said county reporting will still be necessary because some zip codes cross county lines. Concerns were raised about reporting commercial policies spanning multiple zip codes or counties, with OIR admitting it had not considered that and would take that under consideration as well and provide clarification in form instructions.

OIR plans to present the rule changes for approval at the June 11th Cabinet meeting, after which the finalized rule will undergo a public comment period and potential rule hearing.

Workers' Compensation Audit Rule Changes to Require On-Site Observation

OIR presented proposed rule [69O-189.003](#), which saw objections from the workers' comp community, particularly regarding OIR's proposed changes to the audit administrative rule. Those changes include a requirement for insurance companies to conduct physical onsite audits to observe employee duties for changing a class code. OIR said this change aims to address potential misclassification issues in the industry.

Members of the comp community, including insurance industry trade groups and general business associations voiced their concerns during the workshop. They argued that the proposed requirement exceeds OIR's statutory authority, is impractical, costly, time-consuming, and doesn't necessarily improve

classification accuracy. They suggested that auditors are adequately trained to determine class codes through employer interviews and record reviews, and that onsite observation may not be feasible in certain situations, such as construction sites with strict regulations on access.

Among their questions to OIR: How would you audit multiple sites? How long would you have to observe an employee? How do you handle situations where the employee executes their work in private homes or job sites that are restricted? They also requested the removal of certain requirements, such as onsite audits for all policies with premiums over \$10,000 (the current rule only applies to construction classes) and physical audits for new business in construction regardless of premium, arguing that these are not mandated by current statutes.

OIR plans to present the final version of the rule to the Governor and Cabinet for approval during the June 11th Cabinet meeting. The final rule may undergo revisions based on public feedback before taking effect, with OIR aiming for implementation by July 1, 2024.

Notices of Nonrenewal, Reinsurance Summaries, and Hurricane Modeling

OIR also presented several proposed rules and forms to accomplish other changes contained in the Florida Legislature's [SB 1622](#).

Proposed rule [69O-137.015](#) and Form OIR-A1-1680 would provide a standard format for data being provided by insurers who are planning to nonrenew 10,000 or more residential property insurance policies within a 12-month period. This rule reflects existing reporting requirements under section 624.4305, F.S.

Rule [69O-137.011](#) is amended to update Form OIR-D0-1433 which insurance companies use to summarize their reinsurance purchases. These rule and form changes are meant to conform with current law and industry practice, and update the laws implemented.

Proposed changes to [69O-170.0135](#) clarifies how the calculations for a company using multiple computer models to determine its hurricane rates will be made, including the use of an actuarial memo.

There was no testimony on any of the above three rules. OIR is expected to proceed and plans to have them take effect by July 1, 2024.

Changes Governing Reciprocal Insurers

The bulk of [SB 1622](#) focused on the rewriting of Section 629 – the section of the law dealing with reciprocal insurance exchanges which have become quite fashionable in Florida. OIR presented the following rules and forms to implement the legislation:

[69O-136.070](#) Merger or Acquisition of the Attorney-in-Fact of a Domestic Reciprocal Insurer

[69O-136.075](#) Merger or Conversion of a Reciprocal Insurer

There was no testimony on any of the above rules. OIR plans to present the final version of the rule to the Governor and Cabinet for approval during the June 11th Cabinet meeting. The final rule may undergo revisions based on public feedback before taking effect, with OIR aiming for implementation by July 1, 2024.

Greater Fines for Late Filing Annual Reports

OIR is also proposing [Rule 69O-207.001](#), which update citations to updated statutes, including the fine schedule for late filing annual reports or statements. The [proposed fine schedule](#) would in some cases double and other cases increase by a factor of 400 the per-day fines OIR can charge for late filing. As an example, Insurance Administrators would see fines rise from the current \$12.50 per day to \$1,000 per day for non-willful late filing and \$5,000 per day for willful late filing, with maximum fines of \$5,000 and \$25,000 respectively.