

**RULES – IMPLEMENTATION**

DECEMBER 27, 2021

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY)	LI-AG-2021-027
COMMERCIAL PROPERTY	LI-CF-2021-082
COMMERCIAL INLAND MARINE	LI-CM-2021-030
EMPLOYMENT-RELATED PRACTICES LIABILITY	LI-EP-2021-004
FARM	LI-FR-2021-097
CAPITAL ASSETS PROGRAM (OUTPUT POLICY)	LI-OP-2021-031
PROFESSIONAL LIABILITY (OTHER THAN MEDICAL)	LI-PF-2021-003
MEDICAL PROFESSIONAL LIABILITY	LI-PR-2021-079

**FLORIDA NEW AND REVISED RULES TO BE IMPLEMENTED**

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**KEY MESSAGE**

Revision to Florida-specific rules to be implemented.

**Effective Date:** 4/1/2022 (except for CM)

**LOBs:** AG, CF, CM, EP, FR, OP, PF, PR

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**BACKGROUND**

The Florida Office of Insurance Regulation (FLOIR) has generally asked us to make revisions based on its interpretation of F.A.C. Rule 69O-167.001(2), which states "[u]nless payment of the amount of the premium to be returned is affirmatively requested by the insured, the insurer need not return any amount of \$5.00 or less." The FLOIR has generally interpreted F.A.C. Rule 69O-167.001(2) to prohibit waiver of return premium for amounts greater than \$5.00.

Additionally, the FLOIR has previously asked us to amend other ISO commercial lines rules regarding return of unearned premium as, in its opinion, pursuant to Florida Administrative Code (F.A.C.) Rule 69O-170.010, a short rate cancellation can only be applied when the insured cancels a policy.

In addition, the FLOIR objected to those ISO commercial lines rules providing for retention of policy writing minimum premium, as it believes that is not permitted under F.A.C. Rule 69O-170.010. Currently, those rules reference regulatory provisions under which an exception may be sought generally allowing for retention of policywriting minimum premium. The FLOIR informed us that this exception should only apply if a line of business is designated as needing prior approval by the FLOIR.

The FLOIR has also previously objected to allowing policy terms longer or shorter than annual terms for commercial lines providing first party property coverage for hurricane risks in Florida.

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**ISO ACTION**

In response to the FLOIR's position, we have introduced and revised various Florida exceptions.

Refer to the attached explanatory material for complete details about the filing.

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## INSURANCE DEPARTMENT ACTION

The FLOIR has acknowledged this revision as filed.

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## EFFECTIVE DATE

### Commercial Inland Marine

We do not establish an effective date for Commercial Inland Marine revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

### All Other Lines Of Business

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies **effective** on or after April 1, 2022.

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## COMPANY ACTION

### Commercial Inland Marine

ISO has not filed this revision on behalf of insurers.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the Insurance Department.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Filing Number CL-2021-RRU1, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

### All Other Lines Of Business

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to the ISO Filing Numbers and the State File Numbers listed below, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

LINE OF BUSINESS	FILING DESIGNATION	FLOIR #
Property – Commercial Residential – Condominium Association Only	CL-2021-RRU1 (CF)	21-021812
Property – Commercial Residential (Excluding Condo Assn)	CL-2021-RRU1 (CF)	21-021816
Property (Fire)/Property/Commercial Non-Residential	CL-2021-RRU1 (CF)	21-026085

LINE OF BUSINESS	FILING DESIGNATION	FLOIR #
Property (Fire)/Property/Commercial Non-Residential	CL-2021-RRU1 (OP)	21-026083
Property – Commercial Residential – Condominium Association Only	CL-2021-RRU1 (OP)	21-021814
Property – Commercial Residential (Excluding Condo Assn)	CL-2021-RRU1 (OP)	21-021815
Farmowners Multi-Peril	CL-2021-RRU1 (AG)	21-021817
Farmowners Multi-Peril	CL-2021-RRU1 (FR)	21-024751
Medical Malpractice/Med Mal-Claims Made and Occurrence/Other Facilities	CL-2021-RRU1 (PR)	21-026100
Medical Malpractice/Med Mal-Claims Made and Occurrence/Physicians & Surgeons	CL-2021-RRU1 (PR)	21-026098
Medical Malpractice/Med Mal-Claims Made and Occurrence/Nursing Homes	CL-2021-RRU1 (PR)	21-026097
Medical Malpractice/Med Mal-Claims Made and Occurrence/Hospitals	CL-2021-RRU1 (PR)	21-026094
Medical Malpractice/Med Mal-Claims Made and Occurrence/Assisted Living Facility	CL-2021-RRU1 (PR)	21-026092
Medical Malpractice/Med Mal-Claims Made and Occurrence/Dentist	CL-2021-RRU1 (PR)	21-026091
Medical Malpractice/Med Mal-Claims Made and Occurrence/Other Healthcare Professionals	CL-2021-RRU1 (PR)	21-026109
Medical Malpractice/Med Mal-Claims Made and Occurrence/Professional Nurses	CL-2021-RRU1 (PR)	21-026108
Other Liability/Employment Practices Liability/Employment Practices Liability	CL-2021-RRU1 (EP)	21-025925
Other Liability/Errors & Omissions/Miscellaneous Professional Liability	CL-2021-RRU1 (PF)	21-025929
Other Liability/Errors & Omissions/Real Estate Agents	CL-2021-RRU1 (RE)	21-025924
Other Liability/Errors & Omissions/Insurance Agents	CL-2021-RRU1 (IA)	21-025926
Other Liability/Errors & Omissions/Lawyers	CL-2021-RRU1 (LW)	21-025927

## RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- Existing rating formulas are being rewritten.
- Existing rating formulas are being withdrawn.

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## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2021-004](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 4-22 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

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## REFERENCE(S)

[LI-CL-2021-004](#) (02/17/2021) Revised Lead Time Requirements Listing

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## ATTACHMENT(S)

Filing [CL-2021-RRU1](#)

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# Florida Rules Revised And Introduced

## Applicable Lines of Business

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This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Capital Assets Program (Output Policy)
- ◆ Commercial Fire and Allied Lines
- ◆ Commercial Inland Marine
- ◆ Employment-related Practices Policy
- ◆ Farm
- ◆ Medical Professional Liability
- ◆ Professional Liability (Other Than Medical) – Insurance Agents and Brokers Professional Liability Section
- ◆ Professional Liability (Other Than Medical) – Lawyers Professional Liability Section
- ◆ Professional Liability (Other Than Medical) – Miscellaneous Professional Liability Section
- ◆ Professional Liability (Other Than Medical) – Real Estate Agents and Brokers Professional Liability Section

## About This Filing

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This filing revises and introduces Florida rules exceptions to various divisions of the Commercial Lines Manual (CLM) as a result of discussions with the Florida Office of Insurance Regulation (FLOIR).

## Revised Rules

We are revising the following rules:

- ◆ Agricultural Capital Assets (Output Policy)
  - Rule 11. Policy Cancellations
- ◆ Capital Assets

- Rule 11. Policy Cancellations
- ◆ Commercial Farm
  - Rule 11. Policy Cancellations
- ◆ Commercial Inland Marine
  - Rule 12. Policy Cancellations
- ◆ Commercial Fire and Allied Lines
  - Rule 11. Policy Cancellations
- ◆ Employment-related Practices Policy
  - Rule 10. Return Premium Changes
  - Rule 11. Policy Cancellations
- ◆ Medical Professional Liability
  - Rule 11. Policy Cancellations
- ◆ Professional Liability (Other Than Medical) – Insurance Agents and Brokers Professional Liability Section
  - Rule 10. Return Premium Changes
  - Rule 11. Policy Cancellations
- ◆ Professional Liability (Other Than Medical) – Lawyers Professional Liability Section
  - Rule 10. Return Premium Changes
  - Rule 11. Policy Cancellations
- ◆ Professional Liability (Other Than Medical) – Miscellaneous Professional Liability Section
  - Rule 10. Return Premium Changes
  - Rule 11. Policy Cancellations
- ◆ Professional Liability (Other Than Medical) – Real Estate Agents and Brokers Professional Liability Section
  - Rule 10. Return Premium Changes
  - Rule 11. Policy Cancellations

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## New Rules

We are introducing the following rules:

- ◆ Agricultural Capital Assets (Output Policy)
  - Rule 4. Policy Term
  - Rule 10. Return Premium Rules
- ◆ Capital Assets
  - Rule 4. Policy Term
  - Rule 10. Return Premium Rules
- ◆ Commercial Farm
  - Rule 4. Policy Term
  - Rule 10. Return Premium Changes
- ◆ Commercial Inland Marine
  - Rule 5. Policy Term
  - Rule 11. Return Premium Changes
- ◆ Commercial Fire and Allied Lines
  - Rule 4. Policy Term
  - Rule 10. Return Premium Changes
- ◆ Medical Professional Liability
  - Rule 10. Return Premium Changes

## Background

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The Florida Office of Insurance Regulation (FLOIR) has generally asked us to make revisions based on its interpretation of F.A.C. Rule 69O-167.001(2), which states "[u]nless payment of the amount of the premium to be returned is affirmatively requested by the insured, the insurer need not return any amount of \$5.00 or less." The FLOIR has generally interpreted F.A.C. Rule 69O-167.001(2) to prohibit waiver of return premium for amounts greater than \$5.00.

Additionally, the FLOIR has previously asked us to amend other ISO commercial lines rules regarding return of unearned premium as, in its opinion, pursuant to Florida Administrative Code (F.A.C.) Rule 69O-170.010, a short rate cancellation can only be applied when the insured cancels a policy.

In addition, the FLOIR objected to those ISO commercial lines rules providing for retention of policy writing minimum premium, as it believes that is not permitted under F.A.C. Rule 69O-170.010. Currently, those rules reference regulatory provisions under which an exception may be sought generally allowing for retention of policywriting minimum premium. The FLOIR informed us that this



exception should only apply if a line of business is designated as needing prior approval by the FLOIR.

The FLOIR has also previously objected to allowing policy terms longer or shorter than annual terms for commercial lines providing first party property coverage for hurricane risks in Florida.

## **Explanation of Changes**

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In response to the FLOIR's position, we are introducing and revising various Florida exceptions to remove instructions indicating that the policywriting minimum premium is to be retained to address the FLOIR comments as described above.

Additionally, we are revising existing Florida exceptions to account for the exception allowing for retention of policywriting minimum premium under F.A.C. Rule 69O-170.010, depending on the line of business. We are also taking the opportunity to revise the existing citation in these exceptions to reflect the current regulatory reference F.A.C. Rule 69O-170.010, where applicable.

We are also introducing various Florida exceptions to remove reference to policy terms longer or shorter than those written on an annual basis for those commercial lines which provide first party property coverage for hurricane risks.

We are also making editorial revisions where appropriate.

## **Copyright Explanation**

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## **Important Note**

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Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

## DIVISION FOURTEEN – CAPITAL ASSETS – AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) SECTION

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### **4. POLICY TERM**

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Rule **4.** is replaced by the following:

Policies may be written on an annual or on a continuous annual basis. The rules, loss costs and forms in effect at the time of each annual anniversary date must be used.

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### **10. RETURN PREMIUM RULES**

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Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.** is replaced by the following:

#### **B. Waiver Of Premium**

Return premium amounts of \$5 or less may be waived. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

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### **11. POLICY CANCELLATIONS**

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Paragraph **A.4.** does not apply.

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph **A.** of Rule **11.** does not apply, compute return premium as follows:

##### **1. Continuous Annual Policies And Annual Premium Payment Policies**

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### **2. Prepaid Policies**

Compute the return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

Paragraph **C.** is replaced by the following:

#### **C. Retention Of Policywriting Minimum Premium**

Do not retain the policywriting minimum premium:

- 1.** When the return premium is calculated under Paragraph **A.**;
- 2.** When the policy is cancelled as of the inception date; or
- 3.** When the return premium is calculated under Paragraph **B.**, unless an exception has been sought under the provisions of ~~Florida Regulations Section 4-170.010 (2)~~ Rule 69O-170.010, Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.

## DIVISION FIVE – FIRE AND ALLIED LINES

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### 4. POLICY TERM

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Paragraphs **A.** and **B.** are replaced by the following:

- A.** Policies may be written on an annual or on a continuous annual basis.
- B.** A policy may be renewed by renewal certificate or by use of Commercial Property Coverage Part Renewal Endorsement **CP DS 02**. The rules, loss costs and forms in effect at the time of each annual anniversary date must be used.

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### 10. RETURN PREMIUM CHANGES

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Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

- 2.** Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.** is replaced by the following:

#### **B. Waiver Of Premium**

Return premium amounts of \$5 or less may be waived. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

---

### 11. POLICY CANCELLATIONS

---

Paragraph **A.4.** does not apply.

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph **A.** of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous Annual Policies And Annual Premium Payment Policies**

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### **2. Prepaid Policies**

Compute the return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

Paragraph **C.** is replaced by the following:

#### **C. Retention Of Policywriting Minimum Premium**

Do not retain the policywriting minimum premium:

- 1.** When the return premium is calculated under Paragraph **A.**;
- 2.** When the policy is cancelled as of the inception date;
- 3.** When the return premium is calculated under Paragraph **B.**, unless an exception has been sought under the provisions of ~~Florida Regulations Section 4-170.010 (2)~~ Rule 69O-170.010, Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.

## DIVISION EIGHT – INLAND MARINE

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### **5. POLICY TERM**

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Paragraphs **A.** and **B.** are replaced by the following:

- A.** Policies may be written on an annual or on a continuous annual basis.
- B.** A policy may be renewed by renewal certificates. The rules, loss costs and forms in effect at the time of each annual anniversary date must be used.

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### **11. RETURN PREMIUM CHANGES**

---

Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

- 2.** Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.** is replaced by the following:

#### **B. Waiver Of Premium**

Return premium amounts of \$5 or less may be waived. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

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### **12. POLICY CANCELLATIONS**

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Paragraph **A.4.** does not apply.

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph **A.** of Rule **12.** does not apply, compute return premium as follows:

##### **1. Continuous Annual Policies And Annual Premium Payment Policies**

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table **12.B.1.(RF)** and rounding to the next highest whole dollar.

##### **2. Prepaid Policies**

Compute the return premium by multiplying the pro rata unearned premium by the factor shown in Table **12.B.1.(RF)**, then rounding to the next higher whole dollar.

Paragraph **C.** does not apply. is replaced by the following:

#### **C. Retention Of Policy Writing Minimum Premium**

Do not retain the policy writing minimum premium:

- 1.** When the return premium is calculated under Paragraph **A.**;
- 2.** When the policy is cancelled as of the inception date;
- 3.** When the return premium is calculated under Paragraph **B.**, unless an exception has been sought under the provisions of Florida Regulations Section 4-170.010 (2) by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.

## DIVISION ELEVEN – EMPLOYMENT-RELATED PRACTICES LIABILITY

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### 10. RETURN PREMIUM CHANGES

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Paragraph **A.2.** is replaced by the following:

**A. Premium Computation**

- ~~1. Compute return premium at the rates used to calculate the policy premium.~~
2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.1.** is replaced by the following:

**B. Waiver Of Premium**

1. Return premium amounts of \$5 or less may be waived.

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### 11. POLICY CANCELLATIONS

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Paragraph **B.** is replaced by the following:

**B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute return premium as follows:

**1. Continuous And Annual Premium Payment Policies**

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table 11.B.1.(RF) and rounding to the next higher whole dollar.

**2. Prepaid Policies**

If canceled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first full year by the factor shown in Table 11.B.2.(RF), then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

**3. Policies With Term Of Less Than One Year**

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table 11.B.3.(RF) and round to the next higher whole dollar.

Paragraph **C.** ~~does not apply.~~ is replaced by the following:

**C. Retention Of Policy Writing Minimum Premium**

Do not retain the policy writing minimum premium:

- ~~1. When the return premium is calculated under Paragraph A.;~~
- ~~2. When the policy is cancelled as of the inception date;~~
- ~~3. When the return premium is calculated under Paragraph B., unless an exception has been sought under the provisions of Florida Regulations Section 4-170.010(2) by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.~~

## DIVISION FOUR – FARM

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### 4. POLICY TERM

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Paragraphs **A.** and **B.** are replaced by the following:

- A.** Policies may be written on an annual or on a continuous annual basis.
- B.** A policy may be renewed by renewal certificates or by use of a Farm Coverage Part Renewal Endorsement. The rules, loss costs and forms in effect at the time of each annual anniversary date must be used.

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### 10. RETURN PREMIUM CHANGES

---

Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

- 2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.** is replaced by the following:

#### **B. Waiver Of Premium**

Return premium amounts of \$5 or less may be waived. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

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### 11. POLICY CANCELLATIONS

---

Paragraph **A.4.** does not apply.

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph **A.** of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous Annual Policies And Annual Premium Payment Policies**

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### **2. Prepaid Policies**

Compute the return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

Paragraph **C.** is replaced by the following:

#### **C. Retention Of Policy Writing Minimum Premium**

Do not retain the Policy Writing Minimum Premium:

- 1. When the return premium is calculated under Paragraph **A.**;
- 2. When the policy is cancelled as of the inception date;
- 3. When the return premium is calculated under Paragraph **B.**, unless an exception has been sought under the provisions of ~~Florida Regulations Section 4-170.010(2)~~ Rule 69O-170.010, Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.

## **DIVISION FOURTEEN – CAPITAL ASSETS PROGRAM (OUTPUT POLICY)**

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### **4. POLICY TERM**

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Rule 4. is replaced by the following:

Policies may be written on an annual or on a continuous annual basis. The rules, loss costs and forms in effect at the time of each annual anniversary date must be used.

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### **10. RETURN PREMIUM RULES**

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Paragraph A.2. is replaced by the following:

#### **A. Premium Computation**

2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph B. is replaced by the following:

#### **B. Waiver Of Premium**

Return premium amounts of \$5 or less may be waived. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

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### **11. POLICY CANCELLATIONS**

---

Paragraph A.4. does not apply.

Paragraph B. is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous Annual Policies And Annual Premium Payment Policies**

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### **2. Prepaid Policies**

Compute the return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

Paragraph C. is replaced by the following:

#### **C. Retention Of Policywriting Minimum Premium**

Do not retain the policywriting minimum premium:

1. When the return premium is calculated under Paragraph A.;
2. When the policy is cancelled as of the inception date;
3. When the return premium is calculated under Paragraph B., unless an exception has been sought under the provisions of ~~Florida Regulations Section 4-170.040(2)~~ Rule 69O-170.010, Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.

## **DIVISION SIXTEEN – PROFESSIONAL LIABILITY (OTHER THAN MEDICAL) – INSURANCE AGENTS AND BROKERS PROFESSIONAL LIABILITY SECTION**

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### **10. RETURN PREMIUM CHANGES**

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Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

- ~~1. Compute return premium at the rates used to calculate the policy premium.~~
2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.1.** is replaced by the following:

#### **B. Waiver Of Premium**

1. Return premium amounts of \$5 or less may be waived.

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### **11. POLICY CANCELLATIONS**

---

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous And Annual Premium Payment Policies**

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table 11.B.1.(RF) and round to the next higher whole dollar.

##### **2. Prepaid Policies**

If canceled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first full year by the factor shown in Table 11.B.2.(RF), then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

##### **3. Policies With Term Of Less Than One Year**

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table 11.B.3.(RF) and round to the next higher whole dollar.

Paragraph **C.** ~~does not apply.~~ is replaced by the following:

#### **C. Retention Of Policy Writing Minimum Premium**

Do not retain the policy writing minimum premium:

- ~~1. When the return premium is calculated under Paragraph A.;~~
- ~~2. When the policy is cancelled as of the inception date;~~
- ~~3. When the return premium is calculated under Paragraph B., unless an exception has been sought under the provisions of Rule 69O-170-010(2), Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exception, if any, in effect for that insurer.~~



## **DIVISION SIXTEEN – PROFESSIONAL LIABILITY (OTHER THAN MEDICAL) – LAWYERS PROFESSIONAL LIABILITY SECTION**

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### **10. RETURN PREMIUM CHANGES**

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Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

1. ~~Compute return premium at the rates used to calculate the policy premium.~~
2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.1.** is replaced by the following:

#### **B. Waiver Of Premium**

1. Return premium amounts of \$5 or less may be waived.

---

### **11. POLICY CANCELLATIONS**

---

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous And Annual Premium Payment Policies**

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table 11.B.1.(RF) and round to the next higher whole dollar.

##### **2. Prepaid Policies**

If canceled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first full year by the factor shown in Table 11.B.2.(RF), then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

##### **3. Policies With A Term Of Less Than One Year**

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table 11.B.3.(RF) and round to the next higher whole dollar.

Paragraph **C.** ~~does not apply.~~ is replaced by the following:

#### **C. Retention Of Policy Writing Minimum Premium**

Do not retain the policy writing minimum premium:

1. ~~When the return premium is calculated under Paragraph A.;~~
2. ~~When the policy is cancelled as of the inception date;~~
3. ~~When the return premium is calculated under Paragraph B., unless an exception has been sought under the provisions of Florida Regulations Section 4-170.010(2) by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.~~

## DIVISION SIXTEEN – PROFESSIONAL LIABILITY (OTHER THAN MEDICAL) – MISCELLANEOUS PROFESSIONAL LIABILITY SECTION

### 10. RETURN PREMIUM CHANGES

Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

1. ~~Compute return premium at the rates used to calculate the policy premium.~~
2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.1.** is replaced by the following:

#### **B. Waiver Of Premium**

1. Return premium amounts of \$5 or less may be waived.

### 11. POLICY CANCELLATIONS

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous And Annual Premium Payment Policies**

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table 11.B.4. and round to the next higher whole dollar.

##### **2. Prepaid Policies**

If canceled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first full year by the factor shown in Table 11.B.4., then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

##### **3. Policies With A Term Of Less Than One Year**

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table 11.B.4. and round to the next higher whole dollar.

##### **4. Policy Cancellation Factor**

<b>Factor</b>
0.90

**Table 11.B.4. Policy Cancellation Factor**

Paragraph **C. does not apply.** is replaced by the following:

#### **C. Retention Of Policy Writing Minimum Premium**

Do not retain the policy writing minimum premium:

1. When the return premium is calculated under Paragraph **A.**;
2. When the policy is cancelled as of the inception date;
3. ~~When the return premium is calculated under Paragraph B., unless an exception has been sought under the provisions of Rule 69O-170-010(2), Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exception, if any, in effect for that insurer.~~

## **DIVISION SIXTEEN – PROFESSIONAL LIABILITY (OTHER THAN MEDICAL) – REAL ESTATE AGENTS AND BROKERS PROFESSIONAL LIABILITY SECTION**

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### **10. RETURN PREMIUM CHANGES**

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Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

- ~~1. Compute return premium at the rates used to calculate the policy premium.~~
2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.1.** is replaced by the following:

#### **B. Waiver Of Premium**

1. Return premium amounts of \$5 or less may be waived.

---

### **11. POLICY CANCELLATIONS**

---

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute return premium as follows:

##### **1. Continuous And Annual Premium Payment Policies**

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table 11.B.1.(RF) and round to the next higher whole dollar.

##### **2. Prepaid Policies**

If canceled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first full year by the factor shown in Table 11.B.2.(RF), then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

##### **3. Policies With Term Of Less Than One Year**

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table 11.B.3.(RF) and round to the next higher whole dollar.

Paragraph **C. does not apply.** is replaced by the following:

#### **C. Retention Of Policywriting Minimum Premium**

~~Do not retain the policywriting minimum premium:~~

- ~~1. When the return premium is calculated under Paragraph A.;~~
- ~~2. When the policy is canceled as of the inception date;~~
- ~~3. When the return premium is calculated under Paragraph B., unless an exception has been sought under the provisions of Rule 690-170-010(2), Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.~~

## DIVISION SEVEN – MEDICAL PROFESSIONAL LIABILITY

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### **10. RETURN PREMIUM CHANGES**

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Paragraph **A.2.** is replaced by the following:

#### **A. Premium Computation**

2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Paragraph **B.1.** is replaced by the following:

#### **B. Waiver Of Premium**

1. Return premium amounts of \$5 or less may be waived.

---

### **11. POLICY CANCELLATIONS**

---

Paragraph **B.** is replaced by the following:

#### **B. Other Calculations**

If the insured cancels a policy and Paragraph A. of Rule 11. does not apply, compute the return premium as follows:

##### **1. Continuous And Annual Premium Payment Policies**

Compute return premium by applying the factor shown in Table 11.B.(RF) to the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### **2. Prepaid Policies**

If cancelled during the first year, compute the return premium by applying the factor shown in Table 11.B.(RF) to the pro rata unearned premium for the first year, plus the full annual premium for the subsequent years and round to the next higher whole dollar.

##### **3. Policies With Term Less Than One Year**

Compute return premium by applying the factor shown in Table 11.B.(RF) to the pro rata unearned premium and round to the next higher whole dollar.

Paragraph **C.** is replaced by the following:

#### **C. Retention Of Policyw-Writing Minimum Premium**

Do not retain the policywriting minimum premium:

1. When the return premium is calculated under Paragraph **A.**;
2. When the policy is cancelled as of the inception date;
3. When the return premium is calculated under Paragraph **B.**, unless an exception has been sought under the provisions of ~~Florida Regulations Section 4-170.010(2)~~ Rule 69O-170.010, Florida Administrative Code by means of a prior approval filing for certain classes or types of risk as set forth in such filing. Refer to the insurer for information on exceptions, if any, in effect for that insurer.