

The FAJUA insures non public school buses owned by individuals and small companies that predominately operate in Miami/Dade County transporting students to public schools. Students who reside within a close radius of their public school are not eligible for transportation funded by the local school board. The transportation cost is paid by the parents of the students being transported.

Currently the FAJUA requires minimum split limits for BI at the greater of \$100,000 per person or \$5,000 multiplied by the manufacturers rated seating capacity/\$300,000 per accident. This formula has resulted in high limits of liability as well as high premium cost. Detailed research has found that the language in the Florida Statutes that governed this requirement is now obsolete.

The proposed amendment to Rule 22 requires a minimum CSL limit of \$5,000 times the rated seating capacity of the vehicle or \$100,000, whichever is greater.

While no change is proposed in the base rates the premiums will decrease due to a reduction in the coverage requirement.

After extensive review by FAJUA counsel, Hal Mardenborough and AIPSO language is proposed that lowers the minimum limit of liability the FAJUA has required for a number of years. The proposed change is in keeping with the Florida Statutes and the Miami/Dade Ordinances for non public school buses.

Rule 58 is included in this proposal as it provides the factors for increased limits of liability.

The FAJUA requests the board's approval of the proposed changes to Rules 22 and 58 which are attached.



August 20, 2008

Kevin M. McCarty, Commissioner
Florida Department of Financial Services
Office of Insurance Regulation
Room 233-A, Larson Building
200 E. Gaines Street
Tallahassee, FL 32399-0330

**Florida Automobile Joint Underwriting Association
Proposed Amendments to Rule 22. Increased Limits
AIPSO Filing No. FL 08-21**

Dear Commissioner McCarty:

On behalf of the subscribers to AIPSO, i.e., all subscribers to the Florida Automobile Joint Underwriting Association, we are filing the attached amendments at the request of the Board of Governors.

Proposed Effective Date

New and Renewal Business: October 1, 2008

Defining the Issue

Non-public school buses have historically been required to purchase a minimum limit of 100/300/50 in the JUA. Florida statute 316.615 requires that all motor vehicles used for the transportation of pupils to and from school must be covered by single limits liability insurance in the amount of \$5,000 times the rated seating capacity of the vehicle or \$100,000, whichever is greater.

Action Needed

We respectfully request your prompt consideration and approval of this filing.

Proposal

Comply with Florida statute 316.615 by requiring public and non-public school autos transporting students to purchase a minimum combined single limit of \$5,000 times the rated seating capacity of the vehicle or \$100,000, whichever is greater.

Impact

There is no rate level impact. However, the premium will decrease due to the reduction in coverage.

Attachments

- Explanatory Memorandum
- Exhibit A – Proposed amendments to Rule 22

- Exhibit B – Rule 58. Increased Limit Factors

Please contact me at extension 1355 if you have any questions.

Sincerely,



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Attach.

pc: Ms. Eugenia Tyus, General Manager – Florida Automobile Joint Underwriting Association
Ms. Bernice Ingram, CPIW, AAI, Underwriting Analyst – Florida Automobile Joint
Underwriting Association
Mr. John Winkleman – AIPSO
Mr. Tom Assad – AIPSO
Ms. Donna List – AIPSO

Proposed Amendments to Rule 22. Increased Limits AIPSO Filing No. FL 08-21

Proposed Changes

Rule 22. INCREASED LIMITS

This rule is retitled and paragraph A.7 is amended to indicate that the minimum liability shall be the greater of \$100,000 combined single limits or \$5,000 multiplied by the manufacturer's rated seating capacity for all public and nonpublic school vehicles transporting students. Editorial revisions are also included.

Rule 58. INCREASED LIMITS

This rule is included to provide increased limits factors in \$10,000 increments from \$100,000 to \$350,000 for all public and nonpublic school vehicles transporting students. To develop these factors, linear interpolation between already existing factors is used and selections are made around the interpolated factors to ensure that the proposed factors increase at a decreasing rate. While these factors will not appear in the Manual, they will be provided to the service provider in order to eliminate the need for Individual Risk Submissions.

FLORIDA AUTOMOBILE JOINT UNDERWRING ASSOCIATION
(Struck-out matter—deleted; Underlined matter—new)

EXHIBIT A
Page 1 of 1

This **Rule** is retitled and paragraph A.7 is amended as follows:

Rule 22. INCREASED LIMITS FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY AND COMBINED SINGLE LIMITS OF LIABILITY

- A. The increased limits factors apply to the \$10,000/20,000 bodily injury and \$10,000 property damage rates to determine the premiums for the limits indicated. For limits exceeding \$100,000/300,000/50,000 or \$300,000 combined single limits not shown, contact ~~your servicing carrier~~ the service provider.

The following provisions are applicable:

7. For all public and nonpublic school ~~vehicles~~ autos transporting students, the minimum ~~split limits of liability for bodily injury~~ shall be the greater of \$100,000 ~~per person~~ combined single limits or \$5,000 multiplied by the manufacturers rated seating capacity. ~~/\$300,000 per accident for vehicles with seating capacity of one to sixty. Vehicles with a manufacturers rated seating capacity in excess of sixty seats shall have bodily injury limits per person and per accident of \$5,000 per seat.~~

Florida
Joint Underwriting Association

Determination of Increased Limits Factors

Rule 58. INCREASED LIMITS

Table 3

Vehicles Subject to the No-Fault Law

Single Limits	Linear Interpolated		Selected	
	Other Than Zone Rated Buses		Other Than Zone Rated Buses	
30,000	1.25	-----	1.25	-----
50,000	1.48	0.01150000	1.48	0.01150000
100,000	1.85	0.00740000	1.85	0.00740000
110,000	1.884	0.00340000	1.884	0.00340000
120,000	1.918	0.00340000	1.918	0.00340000
130,000	1.952	0.00340000	1.952	0.00340000
140,000	1.986	0.00340000	1.986	0.00340000
150,000	2.020	0.00340000	2.020	0.00340000
160,000	2.054	0.00340000	2.054	0.00340000
170,000	2.088	0.00340000	2.088	0.00340000
180,000	2.122	0.00340000	2.122	0.00340000
190,000	2.156	0.00340000	2.156	0.00340000
200,000	2.190	0.00340000	2.190	0.00340000
210,000	2.224	0.00340000	2.224	0.00340000
220,000	2.258	0.00340000	2.258	0.00340000
230,000	2.292	0.00340000	2.292	0.00340000
240,000	2.326	0.00340000	2.326	0.00340000
250,000	2.360	0.00340000	2.360	0.00340000
260,000	2.394	0.00340000	2.394	0.00340000
270,000	2.428	0.00340000	2.428	0.00340000
280,000	2.462	0.00340000	2.462	0.00340000
290,000	2.496	0.00340000	2.496	0.00340000
300,000	2.53	0.00340000	2.53	0.00340000
310,000	2.539	0.00090000	2.540	0.00100000
320,000	2.549	0.00100000	2.550	0.00100000
330,000	2.558	0.00090000	2.560	0.00100000
340,000	2.568	0.00100000	2.570	0.00100000
350,000	2.577	0.00090000	2.580	0.00100000
1,500,000	3.66	0.00094174	3.66	0.00093913
5,000,000	4.92	0.00036000	4.92	0.00036000

Note: Selected factors will not be displayed in the Manual but will be provided to the service provider.