

Amendment No. \_\_\_\_ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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ORIGINAL STAMP BELOW

11 Representative(s) Safley offered the following:

13 **Amendment (with title amendment)**

14 On page 76, between lines 13 & 14 of the bill

16 insert:

17 Section 68. Effective upon this act becoming a law,  
18 subsection (2) of section 626.918, Florida Statutes, is  
19 amended to read:

20 626.918 Eligible surplus lines insurers.--

21 (2) No unauthorized insurer shall be or become an  
22 eligible surplus lines insurer unless made eligible by the  
23 department in accordance with the following conditions:

24 (a) Eligibility of the insurer must be requested in  
25 writing by a Florida-licensed surplus lines agent;

26 (b) The insurer must be currently an authorized  
27 insurer in the state or country of its domicile as to the kind  
28 or kinds of insurance proposed to be so placed and must have  
29 been such an insurer for not less than the 3 years next  
30 preceding or must be the wholly owned subsidiary of such  
31 authorized insurer or must be the wholly owned subsidiary of

1 an already eligible surplus lines insurer as to the kind or  
2 kinds of insurance proposed for a period of not less than the  
3 3 years next preceding. However, the department may waive the  
4 3-year requirement if the insurer provides a product or  
5 service not readily available to the consumers of this state  
6 or has operated successfully for a period of at least 1 year  
7 next preceding and has capital and surplus of not less than  
8 \$25 million;

9 (c) Before granting eligibility, the requesting  
10 surplus lines agent or the insurer shall furnish the  
11 department with a duly authenticated copy of its current  
12 annual financial statement in the English language and with  
13 all monetary values therein expressed in United States  
14 dollars, at an exchange rate (in the case of statements  
15 originally made in the currencies of other countries)  
16 then-current and shown in the statement, and with such  
17 additional information relative to the insurer as the  
18 department may request;

19 (d)1. The insurer must have and maintain surplus as to  
20 policyholders of not less than \$15 million; in addition, an  
21 alien insurer must also have and maintain in the United States  
22 a trust fund for the protection of all its policyholders in  
23 the United States under terms deemed by the department to be  
24 reasonably adequate, in an amount not less than 5.4 million.  
25 Any such surplus as to policyholders or trust fund shall be  
26 represented by investments consisting of eligible investments  
27 for like funds of like domestic insurers under part II of  
28 chapter 625 provided, however, that in the case of an alien  
29 insurance company, any such surplus as to policyholders may be  
30 represented by investments permitted by the domestic regulator  
31 of such alien insurance company if such investments are

1 substantially similar in terms of quality, liquidity, and  
2 security to eligible investments for like funds of like  
3 domestic insurers under part II of chapter 625;  
4       2. For those surplus lines insurers that were eligible  
5 on January 1, 1994, and that maintained their eligibility  
6 thereafter, the required surplus as to policyholders shall be:  
7       a. On December 31, 1994, and until December 30, 1995,  
8 \$2.5 million.  
9       b. On December 31, 1995, and until December 30, 1996,  
10 \$3.5 million.  
11       c. On December 31, 1996, and until December 30, 1997,  
12 \$4.5 million.  
13       d. On December 31, 1997, and until December 30, 1998,  
14 \$5.5 million.  
15       e. On December 31, 1998, and until December 30, 1999,  
16 \$6.5 million.  
17       f. On December 31, 1999, and until December 30, 2000,  
18 \$8 million.  
19       g. On December 31, 2000, and until December 30, 2001,  
20 \$9.5 million.  
21       h. On December 31, 2001, and until December 30, 2002,  
22 \$11 million.  
23       i. On December 31, 2002, and until December 30, 2003,  
24 \$13 million.  
25       j. On December 31, 2003, and thereafter, \$15 million.  
26       3. The capital and surplus requirements as set forth  
27 in subparagraph 2. do not apply in the case of an insurance  
28 exchange created by the laws of individual states, where the  
29 exchange maintains capital and surplus pursuant to the  
30 requirements of that state, or maintains capital and surplus  
31 in an amount not less than \$50 million in the aggregate. For

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1 an insurance exchange which maintains funds in the amount of  
2 at least \$12 million for the protection of all insurance  
3 exchange policyholders, each individual syndicate shall  
4 maintain minimum capital and surplus in an amount not less  
5 than \$3 million. If the insurance exchange does not maintain  
6 funds in the amount of at least \$12 million for the protection  
7 of all insurance exchange policyholders, each individual  
8 syndicate shall meet the minimum capital and surplus  
9 requirements set forth in subparagraph 2.;

10 4. A surplus lines insurer which is a member of an  
11 insurance holding company that includes a member which is a  
12 Florida domestic insurer as set forth in its holding company  
13 registration statement, as set forth in s. 628.801 and rules  
14 adopted ~~promulgated~~ thereunder, may elect to maintain surplus  
15 as to policyholders in an amount equal to the requirements of  
16 s. 624.408, subject to the requirement that the surplus lines  
17 insurer shall at all times be in compliance with the  
18 requirements of chapter 625.

19  
20 The election shall be submitted to the department and shall be  
21 effective upon the department's being satisfied that the  
22 requirements of subparagraph 4. ~~this sub-subparagraph~~ have  
23 been met. The initial date of election shall be the date of  
24 department approval. The election approval application shall  
25 be on a form adopted by department rule. The department may  
26 approve an election form submitted pursuant to subparagraph 4.  
27 only if it was on file with the department before February 28,  
28 1998;

29 (e) The insurer must be of good reputation as to the  
30 providing of service to its policyholders and the payment of  
31 losses and claims;

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1 (f) The insurer must be eligible, as for authority to  
2 transact insurance in this state, under s. 624.404(3); and

3 (g) This subsection does not apply as to unauthorized  
4 insurers made eligible under s. 626.917 as to wet marine and  
5 aviation risks.

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8 ===== T I T L E A M E N D M E N T =====

9 And the title is amended as follows:

10 On page 5, line 11

11

12 after the semicolon, insert:

13 amending s. 626.918, F.S.; allowing the  
14 department to approve a surplus lines insurer's  
15 election of alternative surplus requirements  
16 only if the election was filed before a  
17 specified date;

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