

By Representatives Mackenzie and Bainter

1                                   A bill to be entitled  
2           An act relating to insurance; requiring certain  
3           insurers to file reports concerning their risk  
4           based capital; requiring the Department of  
5           Insurance to request such reports under certain  
6           circumstances; providing for hearings;  
7           providing definitions and reporting  
8           requirements; requiring certain insurers to  
9           file reports of material transactions  
10          concerning their assets or their ceded  
11          reinsurance agreements; providing definitions  
12          and reporting requirements; prescribing  
13          authority of the Department of Insurance with  
14          respect to such reports; amending s. 624.3161,  
15          F.S.; deleting a limitation on frequency of  
16          certain market conduct examinations; amending  
17          s. 624.424, F.S.; increasing the time  
18          limitation on insurers using certain accounting  
19          services for certain purposes; amending ss.  
20          625.121 and 627.476, F.S.; authorizing  
21          insurance companies to use alternative  
22          mortality tables for certain purposes; amending  
23          ss. 627.4555 and 627.5045, F.S.; revising  
24          provisions requiring notice to policyowners and  
25          secondary addressees of impending lapse of  
26          certain insurance policies under certain  
27          circumstances; providing procedures; providing  
28          application; amending s. 628.801, F.S.;  
29          updating a reference for certain purposes;  
30          providing effective dates.  
31

1 Be It Enacted by the Legislature of the State of Florida:

2

3 Section 1. Risk based capital requirements for  
4 insurers.--

5 (1) As used in this section, the term:

6 (a) "Adjusted risk based capital report" means a risk  
7 based capital report that has been adjusted by the department  
8 in accordance with this section.

9 (b) "Authorized control level risk based capital"  
10 means the number determined under the risk based capital  
11 formula in the risk based capital instructions.

12 (c) "Company action level risk based capital" means  
13 the product of 2.0 and an insurer's authorized control level  
14 risk based capital.

15 (d) "Corrective order" means an order issued by the  
16 department specifying corrective actions that the department  
17 has determined are required.

18 (e) "Department" means the Department of Insurance.

19 (f) "Domestic insurer" means any insurer domiciled in  
20 this state.

21 (g) "Foreign insurer" means any insurer that is  
22 authorized or eligible to do business in this state but that  
23 is not domiciled in this state.

24 (h) "Life and health insurer" means any insurer  
25 authorized or eligible under the Florida Insurance Code to  
26 underwrite life or health insurance. The term includes a  
27 property and casualty insurer that writes accident and health  
28 insurance only.

29 (i) "Mandatory control level risk based capital" means  
30 the product of 0.70 and the authorized control level risk  
31 based capital.

1       (j) "Negative trend" means, with respect to a life and  
2 health insurer, a negative trend over a period of time, as  
3 determined in accordance with the trend test calculation  
4 included in the risk based capital instructions.

5       (k) "Property and casualty insurer" means any insurer  
6 licensed under the Florida Insurance Code, but does not  
7 include a single-line mortgage guaranty insurer, financial  
8 guaranty insurer, or title insurer or a life and health  
9 insurer.

10       (l) "Regulatory action level risk based capital" means  
11 the product of 1.5 and an insurer's authorized control level  
12 risk based capital.

13       (m) "Revised risk based capital plan" means the  
14 revision of the risk based capital plan which is prepared by  
15 an insurer after the department rejects the original plan.

16       (n) "Risk based capital instructions" means the  
17 instructions for preparing a risk based capital report as  
18 adopted by the National Association of Insurance  
19 Commissioners.

20       (o) "Risk based capital level" means an insurer's  
21 company action level risk based capital, regulatory action  
22 level risk based capital, authorized control level risk based  
23 capital, or mandatory control level risk based capital.

24       (p) "Risk based capital plan" means a comprehensive  
25 financial plan specified in paragraph (4)(b).

26       (q) "Risk based capital report" means the report  
27 required in subsection (2).

28       (r) "Total adjusted capital" means the sum of:

- 29       1. An insurer's statutory capital and surplus; and  
30       2. Any other item required by the risk based capital  
31 instructions.

1       (2)(a) Each domestic insurer that is subject to this  
2 section shall, on or before March 1 of each year, prepare and  
3 file with the National Association of Insurance Commissioners  
4 a report of its risk based capital levels as of the end of the  
5 calendar year just ended, in a form and containing the  
6 information required in the risk based capital instructions.  
7 In addition, each domestic insurer shall file a printed copy  
8 of its risk based capital report:

9           1. With the department on or before March 1 of each  
10 year.

11           2. With the insurance department in any other state in  
12 which the insurer is authorized to do business, if that  
13 department has notified the insurer of its request in writing,  
14 in which case the insurer shall file its risk based capital  
15 report not later than the later of:

16           a. Fifteen days after the receipt of notice to file  
17 its risk based capital report with that state; or

18           b. March 1.

19           (b) The comparison of an insurer's total adjusted  
20 capital to any of its risk-based capital levels is a  
21 regulatory tool which may indicate the need for possible  
22 corrective action with respect to the insurer and, except as  
23 otherwise required under this section, the making, publishing,  
24 disseminating, circulating, or placing before the public, or  
25 causing, directly or indirectly, to be made, published,  
26 disseminated, circulated, or placed before the public in a  
27 newspaper, magazine, or other publication, or in the form of a  
28 notice, circular, pamphlet, letter, or poster or over any  
29 radio or television station, or in any other way, an  
30 advertisement, announcement, or statement containing an  
31 assertion, representation, or statement with regard to the

1 risk-based capital levels of any insurer, or of any component  
2 derived in the calculation, by any insurer, agent, broker, or  
3 other person engaged in any manner in the insurance business,  
4 would be misleading and is therefore prohibited, provided, if  
5 any materially false statement with respect to the comparison  
6 regarding an insurer's total adjusted capital to its  
7 risk-based capital levels or an inappropriate comparison of  
8 any other amount to the insurer's risk-based capital levels is  
9 published in any written publication and the insurer is able  
10 to demonstrate to the commissioner with substantial proof the  
11 falsity or inappropriateness of such statement, the insurer  
12 may publish an announcement in a written publication if the  
13 sole purpose of the announcement is to rebut the materially  
14 false or inappropriate statement.

15 (c) The department shall use the risk based capital  
16 instructions, risk based capital reports, adjusted risk based  
17 capital reports, risk based capital plans, and revised risk  
18 based capital plans solely for monitoring the solvency of  
19 insurers and assessing the need for corrective action with  
20 respect to insurers. The department may not use that  
21 information for ratemaking, as evidence in any rate  
22 proceeding, or for calculating or deriving any elements of an  
23 appropriate premium level or rate of return for any line of  
24 insurance which an insurer or an affiliate of such insurer is  
25 authorized to write.

26 (d) A life and health insurer's risk based capital is  
27 determined in accordance with the formula set forth in the  
28 risk based capital instructions. The formula takes into  
29 account and may adjust for the covariance between:

30 1. The risk with respect to the insurer's assets;  
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1           2. The risk of adverse insurance experience with  
2 respect to the insurer's liabilities and obligations;

3           3. The interest rate risk with respect to the  
4 insurer's business; and

5           4. Any other business or other relevant risk set out  
6 in the risk based capital instructions,

7  
8 determined in each case by applying the factors in the manner  
9 set forth in the risk based capital instructions.

10           (e) A property and casualty insurer's risk based  
11 capital is determined in accordance with the formula set forth  
12 in the risk based capital instructions. The formula takes  
13 into account and may adjust for the covariance between:

14           1. The asset risk;

15           2. The credit risk;

16           3. The underwriting risk; and

17           4. Any other business or other relevant risk set out  
18 in the risk based capital instructions,

19  
20 determined in each case by applying the factors in the manner  
21 set forth in the risk based capital instructions.

22           (f) The Legislature finds that an excess of capital  
23 over the amount produced by the risk based capital  
24 requirements and the formulas, schedules, and instructions  
25 specified in this section is a desirable goal with respect to  
26 the business of insurance. Accordingly, insurers should seek  
27 to maintain capital above the risk based capital levels  
28 required by this section. Additional capital is used and  
29 useful in the insurance business and helps to secure an  
30 insurer against various risks inherent in, or affecting, the  
31 business of insurance and not accounted for or only partially

1 measured by the risk based capital requirements contained in  
2 this section.

3 (g) If a domestic insurer files a risk based capital  
4 report that the department finds is inaccurate, the department  
5 shall adjust the risk based capital report to correct the  
6 inaccuracy and shall notify the insurer of the adjustment.  
7 The notice must state the reason for the adjustment. A risk  
8 based capital report that is so adjusted is referred to as the  
9 adjusted risk based capital report. The adjusted risk based  
10 capital report must also be filed by the insurer with the  
11 National Association of Insurance Commissioners.

12 (3)(a) A company action level event includes:

13 1. The filing of a risk based capital report by an  
14 insurer which indicates that:

15 a. The insurer's total adjusted capital is greater  
16 than or equal to its regulatory action level risk based  
17 capital but less than its company action level risk based  
18 capital; or

19 b. If a life and health insurer, the insurer has total  
20 adjusted capital that is greater than or equal to its company  
21 action level risk based capital, but is less than the product  
22 of its authorized control level risk based capital and 2.5,  
23 and has a negative trend;

24 2. The notification by the department to the insurer  
25 of an adjusted risk based capital report that indicates an  
26 event in subparagraph 1., unless the insurer challenges the  
27 adjusted risk based capital report under subsection (7); or

28 3. If, under subsection (7), an insurer challenges an  
29 adjusted risk based capital report that indicates an event in  
30 subparagraph 1., the notification by the department to the  
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1 insurer that the department has, after a hearing, rejected the  
2 insurer's challenge.

3 (b) If a company action level event occurs, the  
4 insurer shall prepare and submit to the department a risk  
5 based capital plan, which must:

6 1. Identify the conditions that contribute to the  
7 company action level event;

8 2. Contain proposals of corrective actions that the  
9 insurer intends to take and that are reasonably expected to  
10 result in the elimination of the company action level event;

11 3. Provide projections of the insurer's financial  
12 results in the current year and at least the 4 succeeding  
13 years, both in the absence of proposed corrective actions and  
14 giving effect to the proposed corrective actions, including  
15 projections of statutory operating income, net income,  
16 capital, and surplus. The projections for both new and  
17 renewal business may include separate projections for each  
18 major line of business and, if separate projections are  
19 provided, must separately identify each significant income,  
20 expense, and benefit component;

21 4. Identify the key assumptions affecting the  
22 insurer's projections and the sensitivity of the projections  
23 to the assumptions; and

24 5. Identify the quality of, and problems associated  
25 with, the insurer's business, including, but not limited to,  
26 its assets, anticipated business growth and associated surplus  
27 strain, extraordinary exposure to risk, mix of business, and  
28 any use of reinsurance.

29 (c) The risk based capital plan must be submitted:

30 1. Within 45 days after the company action level  
31 event; or



1           2. If the insurer challenges an adjusted risk based  
2 capital report under subsection (7), within 45 days after  
3 notification to the insurer that the department has, after a  
4 hearing, rejected the insurer's challenge.

5           (d) Within 60 days after the submission by an insurer  
6 of a risk based capital plan to the department, the department  
7 shall notify the insurer whether the risk based capital plan  
8 must be implemented or is, in the judgment of the department,  
9 unsatisfactory. If the department determines that the risk  
10 based capital plan is unsatisfactory, the notification to the  
11 insurer must set forth the reasons for the determination and  
12 may set forth proposed revisions. Upon notification from the  
13 department, the insurer shall prepare a revised risk based  
14 capital plan, which may incorporate by reference any revisions  
15 proposed by the department, and shall submit the revised risk  
16 based capital plan to the department:

17           1. Within 45 days after the notification from the  
18 department; or

19           2. If the insurer challenges the notification from the  
20 department under subsection (7), within 45 days after a  
21 notification to the insurer that the department has, after a  
22 hearing, rejected the insurer's challenge.

23           (e) If the department notifies an insurer that the  
24 insurer's risk based capital plan or revised risk based  
25 capital plan is unsatisfactory, the department may, at its  
26 discretion and subject to the insurer's right to a hearing  
27 under subsection (7), specify in the notification that the  
28 notification is a regulatory action level event.

29           (f) Each domestic insurer that files a risk based  
30 capital plan or a revised risk based capital plan with the  
31 department shall file a copy of the risk based capital plan or

1 the revised risk based capital plan with the insurance  
2 department in any other state in which the insurer is  
3 authorized to do business if:  
4       1. That state has a risk based capital law that is  
5 substantially similar to paragraph (8)(a); and  
6       2. The insurance department of that state has notified  
7 the insurer of its request for the filing in writing, in which  
8 case the insurer shall file a copy of the risk based capital  
9 plan or the revised risk based capital plan in that state no  
10 later than the later of:  
11       a. Fifteen days after the receipt of notice to file a  
12 copy of its risk based capital plan or revised risk based  
13 capital plan with the state; or  
14       b. The date on which the risk based capital plan or  
15 the revised risk based capital plan is filed under paragraph  
16 (c) or paragraph (d).  
17       (4)(a) A regulatory action level event includes:  
18       1. The filing of a risk based capital report by the  
19 insurer which indicates that the insurer's total adjusted  
20 capital is greater than or equal to its authorized control  
21 level risk based capital but is less than its regulatory  
22 action level risk based capital;  
23       2. The notification by the department to the insurer  
24 of an adjusted risk based capital report that indicates the  
25 event described in subparagraph 1., unless the insurer  
26 challenges the adjusted risk based capital report under  
27 subsection (7);  
28       3. If, under subsection (7), the insurer challenges an  
29 adjusted risk based capital report that indicates the event  
30 described in subparagraph 1., the notification by the  
31

1 department to the insurer that the department has, after a  
2 hearing, rejected the insurer's challenge;  
3 4. The failure of the insurer to file a risk based  
4 capital report by the filing date, unless the insurer provides  
5 an explanation for such failure which is satisfactory to the  
6 department and cures the failure within 10 days after the  
7 filing date;  
8 5. The failure of the insurer to submit a risk based  
9 capital plan to the department within the time period set  
10 forth in paragraph (3)(c);  
11 6. Notification by the department to the insurer that:  
12 a. The risk based capital plan or the revised risk  
13 based capital plan submitted by the insurer is, in the  
14 judgment of the department, unsatisfactory; and  
15 b. This notification constitutes a regulatory action  
16 level event with respect to the insurer, unless the insurer  
17 challenges the determination under subsection (7);  
18 7. If, under subsection (7), the insurer challenges a  
19 determination by the department under subparagraph 6., the  
20 notification by the department to the insurer that the  
21 department has, after a hearing, rejected the challenge;  
22 8. Notification by the department to the insurer that  
23 the insurer has failed to adhere to its risk based capital  
24 plan or revised risk based capital plan, but only if this  
25 failure has a substantial adverse effect on the ability of the  
26 insurer to eliminate the company action level event in  
27 accordance with its risk based capital plan or revised risk  
28 based capital plan and the department has so stated in the  
29 notification, unless the insurer challenges the determination  
30 under subsection (7); or  
31

1           9. If, under subsection (7), the insurer challenges a  
2 determination by the department under subparagraph 8., the  
3 notification by the department to the insurer that the  
4 department has, after a hearing, rejected the challenge.

5           (b) If a regulatory action level event occurs, the  
6 department shall:

7           1. Require the insurer to prepare and submit a risk  
8 based capital plan or, if applicable, a revised risk based  
9 capital plan;

10           2. Perform an examination pursuant to section 624.316,  
11 Florida Statutes, or an analysis as the department considers  
12 necessary of the assets, liabilities, and operations of the  
13 insurer, including a review of the risk based capital plan or  
14 the revised risk based capital plan; and

15           3. After the examination or analysis, issue a  
16 corrective order specifying such corrective actions as the  
17 department determines are required.

18           (c) In determining corrective actions, the department  
19 shall consider any factor relevant to the insurer based upon  
20 the department's examination or analysis of the assets,  
21 liabilities, and operations of the insurer, including, but not  
22 limited to, the results of any sensitivity tests undertaken as  
23 provided in the risk based capital instructions. The risk  
24 based capital plan or the revised risk based capital plan must  
25 be submitted:

26           1. Within 45 days after the occurrence of the  
27 regulatory action level event;

28           2. If the insurer challenges an adjusted risk based  
29 capital report under subsection (7), within 45 days after the  
30 notification to the insurer that the department has, after a  
31 hearing, rejected the insurer's challenge; or

1           3. If the insurer challenges a revised risk based  
2 capital plan under subsection (7), within 45 days after the  
3 notification to the insurer that the department has, after a  
4 hearing, rejected the insurer's challenge.

5           (d) The department may retain actuaries, investment  
6 experts, and other consultants to review an insurer's risk  
7 based capital plan or revised risk based capital plan, examine  
8 or analyze the assets, liabilities, and operations of an  
9 insurer, and formulate the corrective order with respect to  
10 the insurer. The fees, costs, and expenses relating to  
11 consultants must be borne by the affected insurer or by any  
12 other party as directed by the department.

13           (5)(a) An authorized control level event includes:

14           1. The filing of a risk based capital report by the  
15 insurer which indicates that the insurer's total adjusted  
16 capital is greater than or equal to its mandatory control  
17 level risk based capital but is less than its authorized  
18 control level risk based capital;

19           2. The notification by the department to the insurer  
20 of an adjusted risk based capital report that indicates the  
21 event in subparagraph 1., unless the insurer challenges the  
22 adjusted risk based capital report under subsection (7);

23           3. If, under subsection (7), the insurer challenges an  
24 adjusted risk based capital report that indicates the event in  
25 subparagraph 1., notification by the department to the insurer  
26 that the department has, after a hearing, rejected the  
27 insurer's challenge;

28           4. The failure of the insurer to respond, in a manner  
29 satisfactory to the department, to a corrective order, unless  
30 the insurer challenges the corrective order under subsection  
31 (7); or

1           5. If the insurer challenges a corrective order under  
2 subsection (7) and the department has, after a hearing,  
3 rejected the challenge or modified the corrective order, the  
4 failure of the insurer to respond, in a manner satisfactory to  
5 the department, to the corrective order after rejection or  
6 modification by the department.

7           (b) If an authorized control level event occurs, the  
8 department shall:

9           1. Take any action required under subsection (4)  
10 regarding the insurer with respect to which a regulatory  
11 action level event has occurred; or

12           2. If the department considers it to be in the best  
13 interests of the policyholders and creditors of the insurer  
14 and of the public, take any action as necessary to cause the  
15 insurer to be placed under regulatory control under chapter  
16 631, Florida Statutes. An authorized control level event is  
17 sufficient ground for the department to be appointed as  
18 receiver as provided in chapter 631, Florida Statutes.

19           (6)(a) A mandatory control level event includes:

20           1. The filing of a risk based capital report that  
21 indicates that the insurer's total adjusted capital is less  
22 than its mandatory control level risk based capital;

23           2. Notification by the department to the insurer of an  
24 adjusted risk based capital report that indicates the event in  
25 subparagraph 1., unless the insurer challenges the adjusted  
26 risk based capital report under subsection (7); or

27           3. If, under subsection (7), the insurer challenges an  
28 adjusted risk based capital report that indicates the event in  
29 subparagraph 1., notification by the department to the insurer  
30 that the department has, after a hearing, rejected the  
31 insurer's challenge.

1           (b) If a mandatory control level event occurs:  
2           1. With respect to a life and health insurer, the  
3 department shall, after due consideration of s. 624.408,  
4 Florida Statutes, take any action necessary to place the  
5 insurer under regulatory control, including any remedy  
6 available under chapter 631, Florida Statutes. A mandatory  
7 control level event is sufficient ground for the department to  
8 be appointed as receiver as provided in chapter 631, Florida  
9 Statutes. The department may forego taking action for up to  
10 90 days after the mandatory control level event if the  
11 department finds there is a reasonable expectation that the  
12 mandatory control level event may be eliminated within the  
13 90-day period.  
14           2. With respect to a property and casualty insurer,  
15 the department shall, after due consideration of s. 624.408,  
16 Florida Statutes, take any action necessary to place the  
17 insurer under regulatory control, including any remedy  
18 available under chapter 631, Florida Statutes, or, in the case  
19 of an insurer that is not writing new business, may allow the  
20 insurer to continue to operate under the supervision of the  
21 department. In either case, the mandatory control level event  
22 is sufficient ground for the department to be appointed as  
23 receiver as provided in chapter 631, Florida Statutes. The  
24 department may forego taking action for up to 90 days after  
25 the mandatory control level event if the department finds  
26 there is a reasonable expectation that the mandatory control  
27 level event will be eliminated within the 90-day period.  
28           (7)(a) An insurer has a right to a hearing before the  
29 department upon:  
30           1. Notification to an insurer by the department of an  
31 adjusted risk based capital report;

1           2. Notification to an insurer by the department that  
2 the insurer's risk based capital plan or revised risk based  
3 capital plan is unsatisfactory, and that the notification  
4 constitutes a regulatory action level event with respect to  
5 such insurer;

6           3. Notification to any insurer by the department that  
7 the insurer has failed to adhere to its risk based capital  
8 plan or revised risk based capital plan and that the failure  
9 has a substantial adverse effect on the ability of the insurer  
10 to eliminate the company action level event in accordance with  
11 its risk based capital plan or its revised risk based capital  
12 plan; or

13           4. Notification to an insurer by the department of a  
14 corrective order with respect to the insurer.

15           (b) At such hearing the insurer may challenge any  
16 determination or action by the department. The insurer shall  
17 notify the department of its request for a hearing within 5  
18 days after receipt of the notification by the department under  
19 this subsection. Upon receipt of the request for a hearing,  
20 the department shall set a date for the hearing, which date  
21 must be no less than 10 nor more than 30 days after the date  
22 the department receives the insurer's request. The hearing  
23 must be conducted as provided in section 624.324, Florida  
24 Statutes, with the right to appellate review under section  
25 120.68, Florida Statutes.

26           (8)(a) Any foreign insurer shall, upon the written  
27 request of the department, submit to the department a risk  
28 based capital report, as of the end of the calendar year just  
29 ended, no later than the later of:

30           1. The date a risk based capital report is required to  
31 be filed by a domestic insurer under this section; or



1           2. Fifteen days after the request is received by the  
2 foreign insurer.

3           (b) Any foreign insurer shall, upon the written  
4 request of the department, promptly submit to the department a  
5 copy of any risk based capital plan that is filed with the  
6 insurance department of another state.

7           (c) The department may require a foreign insurer to  
8 file a risk based capital plan if:

9           1. A company action level event, regulatory action  
10 level event, or authorized control level event occurs with  
11 respect to any foreign insurer as determined under the risk  
12 based capital law of the state of domicile of the insurer, or,  
13 if there is no risk based capital law in that state, under  
14 this section.

15           2. The insurance department of the state of domicile  
16 of the foreign insurer fails to require the foreign insurer to  
17 file a risk based capital plan in the manner specified under  
18 the risk based capital law of that state, or, if there is no  
19 risk based capital law in that state, under subsection (3).

20  
21 The failure of the foreign insurer to file a risk based  
22 capital plan with the department when required under this  
23 paragraph is a ground for the department to take any action  
24 under section 624.418, Florida Statutes, which it determines  
25 is necessary.

26           (d) If a mandatory control level event occurs with  
27 respect to any foreign insurer and a domiciliary receiver has  
28 not been appointed with respect to the foreign insurer under  
29 the rehabilitation and liquidation law of the state of  
30 domicile of the foreign insurer, the department may apply to  
31 the Circuit Court of Leon County and such event constitutes

1 grounds for the department to be appointed as receiver as  
2 provided in chapter 631, Florida Statutes, with respect to the  
3 liquidation of property of foreign insurers found in this  
4 state. The occurrence of a mandatory control level event is a  
5 ground for such application.

6 (9) There shall be no liability on the part of, and no  
7 cause of action shall arise against, the commissioner, the  
8 department, or its employees or agents for any action taken by  
9 them in the performance of their powers and duties under this  
10 section.

11 (10) The department shall transmit any notice that may  
12 result in regulatory action by registered mail, certified  
13 mail, or any other method of transmission. Notice is  
14 effective when the insurer receives it.

15 (11) For the purposes of the risk based capital  
16 reports required to be filed by life and health insurers with  
17 respect to their 1997 annual statement data and the risk based  
18 capital reports required to be filed by property and casualty  
19 insurers with respect to their 1997 annual statement data, the  
20 following requirements apply in lieu of the provisions of  
21 subsections (3), (4), (5), and (6):

22 (a) If a company action level event occurs with  
23 respect to a domestic insurer, the department may not take any  
24 regulatory action.

25 (b) If a regulatory action level event occurs under  
26 subparagraph 1., subparagraph 2., or subparagraph 3. of  
27 paragraph (4)(a), the department shall take the actions  
28 required under subsection (3).

29 (c) If a regulatory action level event occurs under  
30 subparagraph 4., subparagraph 5., subparagraph 6.,  
31 subparagraph 7., subparagraph 8., or subparagraph 9. of

1 paragraph (4)(a), or an authorized control level event occurs,  
2 the department shall take the actions required under  
3 subsection (4).

4 (d) If a mandatory control level event occurs with  
5 respect to an insurer, the department shall take the actions  
6 required under subsection (5).

7 (12) This section is supplemental to the other laws of  
8 this state and does not preclude or limit any power or duty of  
9 the department under those laws or under the rules adopted  
10 under those laws.

11 (13) This section does not apply to a domestic  
12 property and casualty insurer that meets all of the following  
13 conditions:

14 (a) Writes direct business only in this state;

15 (b) Writes direct annual premiums of \$2 million or  
16 less; and

17 (c) Assumes no reinsurance in excess of 5 percent of  
18 direct premium written.

19 (14) The department may adopt rules to administer this  
20 section, including, but not limited to, those regarding risk  
21 based capital reports, adjusted risk based capital reports,  
22 risk based capital plans, corrective orders and procedures to  
23 be followed in the event of a triggering of a company action  
24 level event, a regulatory action level event, an authorized  
25 control level event, or a mandatory control level event.

26 Section 2. Assets of insurers; reporting  
27 requirements.--

28 (1) As used in this section, the term:

29 (a) "Material acquisition of assets" or "material  
30 disposition of assets" means one or more transactions  
31 occurring during any 30-day period which are nonrecurring and

1 not in the ordinary course of business and involve more than 5  
2 percent of the reporting insurer's total admitted assets as  
3 reported in its more recent statutory statement filed with the  
4 insurance department of the insurer's state of domicile.

5 (b) "Material nonrenewal, cancellation, or revision of  
6 a ceded reinsurance agreement" is one that affects:

7 1. With respect to property and casualty business,  
8 including accident and health business written by a property  
9 and casualty insurer:

10 a. More than 50 percent of the insurer's total ceded  
11 written premium; or

12 b. More than 50 percent of the insurer's total ceded  
13 indemnity and loss-adjustment reserves.

14 2. With respect to life, annuity, and accident and  
15 health business, more than 50 percent of the total reserve  
16 credit taken for business ceded, on an annualized basis, as  
17 indicated in the insurer's most recent annual statement.

18 3. With respect to property and casualty business or  
19 life, annuity, and accident and health business, a material  
20 revision includes:

21 a. The replacement of an authorized reinsurer  
22 representing more than 10 percent of a total cession by one or  
23 more unauthorized reinsurers; or

24 b. The reduction or waiver, with respect to one or  
25 more unauthorized insurers, of previously established  
26 collateral requirements representing more than 10 percent of a  
27 total cession.

28 (2) Each domestic insurer shall file a report with the  
29 Department of Insurance disclosing a material acquisition of  
30 assets, a material disposition of assets, or a material  
31 nonrenewal, cancellation, or revision of a ceded reinsurance

1 agreement, unless the material acquisition or disposition of  
2 assets or the material nonrenewal, cancellation, or revision  
3 of a ceded reinsurance agreement has been submitted to the  
4 department for review, approval, or informational purposes  
5 under another section of the Florida Insurance Code or a rule  
6 adopted thereunder. A copy of the report and each exhibit or  
7 other attachment must be filed by the insurer with the  
8 National Association of Insurance Commissioners. The report  
9 required in this section is due within 15 days after the end  
10 of the calendar month in which the transaction occurs.

11 (3) An immaterial acquisition or disposition of assets  
12 need not be reported under this section.

13 (4)(a) Acquisitions of assets which are subject to  
14 this section include each purchase, lease, exchange, merger,  
15 consolidation, succession, or other acquisition of assets.  
16 Asset acquisitions for the construction or development of real  
17 property by or for the reporting insurer and the acquisition  
18 of construction materials for this purpose are not subject to  
19 this section.

20 (b) Dispositions of assets which are subject to this  
21 section include each sale, lease, exchange, merger,  
22 consolidation, mortgage, hypothecation, assignment for the  
23 benefit of a creditor or otherwise, abandonment, destruction,  
24 or other disposition of assets.

25 (5)(a) The following information must be disclosed in  
26 any report of a material acquisition or disposition of assets:

- 27 1. The date of the transaction;  
28 2. The manner of acquisition or disposition;  
29 3. The description of the assets involved;  
30 4. The nature and amount of the consideration given or  
31 received;

1           5. The purpose of, or reason for, the transaction;  
2           6. The manner by which the amount of consideration was  
3 determined;

4           7. The gain or loss recognized or realized as a result  
5 of the transaction; and

6           8. The name of the person from whom the assets were  
7 acquired or to whom they were disposed.

8           (b) Insurers must report material acquisitions or  
9 dispositions on a nonconsolidated basis unless the insurer is  
10 part of a consolidated group of insurers which uses a pooling  
11 arrangement or a 100-percent reinsurance agreement that  
12 affects the solvency and integrity of the insurer's reserves  
13 and the insurer has ceded substantially all of its direct and  
14 assumed business to the pool. An insurer is deemed to have  
15 ceded substantially all of its direct and assumed business to  
16 a pool if the insurer has less than \$1 million in total direct  
17 and assumed written premiums during a calendar year which are  
18 not subject to a pooling arrangement and if the net income of  
19 the business which is not subject to the pooling arrangement  
20 represents less than 5 percent of the insurer's capital and  
21 surplus.

22           (6) The nonrenewal, cancellation, or revision of a  
23 ceded reinsurance agreement need not be reported if the  
24 renewal or the revision is not material or if:

25           (a) With respect to property and casualty business,  
26 including accident and health business written by a property  
27 and casualty insurer, the insurer's total ceded written  
28 premium represents, on an annualized basis, less than 10  
29 percent of its total written premium for direct and assumed  
30 business; or

31

1           (b) With respect to life, annuity, and accident and  
2 health business, the total reserve credit taken for business  
3 ceded represents, on an annualized basis, less than 10 percent  
4 of the statutory reserve requirement before the cession.

5           (7)(a) The following information must be disclosed in  
6 any report of a material nonrenewal, cancellation, or revision  
7 of a ceded reinsurance agreement:

8           1. The effective date of the nonrenewal, cancellation,  
9 or revision;

10           2. The description of the transaction and the  
11 identification of the initiator of the transaction;

12           3. The purpose of, or reason for, the transaction; and

13           4. If applicable, the identity of each replacement  
14 reinsurer.

15           (b) Insurers shall report the material nonrenewal,  
16 cancellation, or revision of a ceded reinsurance agreement on  
17 a nonconsolidated basis unless the insurer is part of a  
18 consolidated group of insurers which uses a pooling  
19 arrangement or a 100-percent reinsurance agreement that  
20 affects the solvency and integrity of the insurer's reserves  
21 and the insurer has ceded substantially all of its direct and  
22 assumed business to the pool. An insurer is deemed to have  
23 ceded substantially all of its direct and assumed business to  
24 a pool if the insurer has less than \$1 million in total direct  
25 and assumed written premiums during a calendar year which are  
26 not subject to a pooling arrangement and if the net income of  
27 the business not subject to the pooling arrangement represents  
28 less than 5 percent of the insurer's capital and surplus.

29           Section 3. Subsection (1) of section 624.3161, Florida  
30 Statutes, is amended to read:

31           624.3161 Market conduct examinations.--

1           (1) As often as it deems necessary, ~~and not less~~  
2 ~~frequently than each 5 years,~~ the department shall examine  
3 each licensed rating organization, each advisory organization,  
4 each group, association, or other organization of insurers  
5 which engages in joint underwriting or joint reinsurance, and  
6 each authorized insurer transacting in this state any class of  
7 insurance to which the provisions of ~~part I of~~ chapter 627 are  
8 applicable. The examination shall be for the purpose of  
9 ascertaining compliance by the person examined with the  
10 applicable provisions of chapters 624, 626, 627, and 635.

11           Section 4. Paragraph (d) of subsection (8) of section  
12 624.424, Florida Statutes, is amended to read:

13           624.424 Annual statement and other information.--

14           (8)

15           (d) An insurer may not use the same accountant or  
16 partner of an accounting firm responsible for preparing the  
17 report required by this subsection for more than 7 5  
18 consecutive years. Following this period, the insurer may not  
19 use such accountant or partner for a period of 2 years, but  
20 may use another accountant or partner of the same firm. An  
21 insurer may request the department to waive this prohibition  
22 based upon an unusual hardship to the insurer and a  
23 determination that the accountant is exercising independent  
24 judgment that is not unduly influenced by the insurer  
25 considering such factors as the number of partners, expertise  
26 of the partners or the number of insurance clients of the  
27 accounting firm; the premium volume of the insurer; and the  
28 number of jurisdictions in which the insurer transacts  
29 business.

30           Section 5. Subsection (5) of section 625.121, Florida  
31 Statutes, is amended to read:



1           625.121 Standard Valuation Law; life insurance.--  
2           (5) MINIMUM STANDARD FOR VALUATION OF POLICIES AND  
3 CONTRACTS ISSUED ON OR AFTER OPERATIVE DATE OF STANDARD  
4 NONFORFEITURE LAW.--

5           (a) Except as otherwise provided in subparagraph 8.  
6 ~~paragraph (h)~~ and subsections (6), (11), and (14), the minimum  
7 standard for the valuation of all such policies and contracts  
8 issued on or after the operative date of s. 627.476 (Standard  
9 Nonforfeiture Law for Life Insurance) shall be the  
10 commissioners' reserve valuation method defined in subsections  
11 (7), (11), and (14); 5 percent interest for group annuity and  
12 pure endowment contracts and 3.5 percent interest for all  
13 other such policies and contracts, or in the case of life  
14 insurance policies and contracts, other than annuity and pure  
15 endowment contracts, issued on or after July 1, 1973, 4  
16 percent interest for such policies issued prior to October 1,  
17 1979, and 4.5 percent interest for such policies issued on or  
18 after October 1, 1979; and the following tables:

19           1.(a) For all ordinary policies of life insurance  
20 issued on the standard basis, excluding any disability and  
21 accidental death benefits in such policies:

22           a.1. For policies issued prior to the operative date  
23 of s. 627.476(9), the commissioners' 1958 Standard Ordinary  
24 Mortality Table; except that, for any category of such  
25 policies issued on female risks, modified net premiums and  
26 present values, referred to in subsection (7), may be  
27 calculated according to an age not more than 6 years younger  
28 than the actual age of the insured; and

29           b.2. For policies issued on or after the operative  
30 date of s. 627.476(9), the commissioners' 1980 Standard  
31 Ordinary Mortality Table or, at the election of the insurer

1 for any one or more specified plans of life insurance, the  
2 commissioners' 1980 Standard Ordinary Mortality Table with  
3 Ten-Year Select Mortality Factors.

4 2.(b) For all industrial life insurance policies  
5 issued on the standard basis, excluding any disability and  
6 accidental death benefits in such policies:

7 a.1. For policies issued prior to the first date to  
8 which the commissioners' 1961 Standard Industrial Mortality  
9 Table is applicable according to s. 627.476, the 1941 Standard  
10 Industrial Mortality Table; and

11 b.2. For such policies issued on or after that date,  
12 the commissioners' 1961 Standard Industrial Mortality Table.

13 3.(c) For individual annuity and pure endowment  
14 contracts, excluding any disability and accidental death  
15 benefits in such policies, the 1937 Standard Annuity Mortality  
16 Table or, at the option of the insurer, the Annuity Mortality  
17 Table for 1949, Ultimate, or any modification of either of  
18 these tables approved by the department.

19 4.(d) For group annuity and pure endowment contracts,  
20 excluding any disability and accidental death benefits in such  
21 policies, the Group Annuity Mortality Table for 1951; any  
22 modification of such table approved by the department; or, at  
23 the option of the insurer, any of the tables or modifications  
24 of tables specified for individual annuity and pure endowment  
25 contracts.

26 5.(e) For total and permanent disability benefits in  
27 or supplementary to ordinary policies or contracts:

28 a.1. For policies or contracts issued on or after  
29 January 1, 1966, the tables of period 2 disablement rates and  
30 the 1930 to 1950 termination rates of the 1952 disability  
31

1 study of the Society of Actuaries, with due regard to the type  
2 of benefit;

3 b.2. For policies or contracts issued on or after  
4 January 1, 1961, and prior to January 1, 1966, either those  
5 tables or, at the option of the insurer, the class three  
6 disability table (1926); and

7 c.3. For policies issued prior to January 1, 1961, the  
8 class three disability table (1926).

9  
10 Any such table for active lives shall be combined with a  
11 mortality table permitted for calculating the reserves for  
12 life insurance policies.

13 6.(f) For accidental death benefits in or  
14 supplementary to policies:

15 a.1. For policies issued on or after January 1, 1966,  
16 the 1959 Accidental Death Benefits Table;

17 b.2. For policies issued on or after January 1, 1961,  
18 and prior to January 1, 1966, either that table or, at the  
19 option of the insurer, the Intercompany Double Indemnity  
20 Mortality Table; and

21 c.3. For policies issued prior to January 1, 1961, the  
22 Intercompany Double Indemnity Mortality Table.

23  
24 Either table shall be combined with a mortality table  
25 permitted for calculating the reserves for life insurance  
26 policies.

27 7.(g) For group life insurance, life insurance issued  
28 on the substandard basis, and other special benefits, such  
29 tables as may be approved by the department as being  
30 sufficient with relation to the benefits provided by such  
31 policies.

1           8.~~(h)~~ Except as provided in subsection (6), the  
2 minimum standard for the valuation of all individual annuity  
3 and pure endowment contracts issued on or after the operative  
4 date of this paragraph and for all annuities and pure  
5 endowments purchased on or after such operative date under  
6 group annuity and pure endowment contracts shall be the  
7 commissioners' reserve valuation method defined in subsection  
8 (7) and the following tables and interest rates:

9           a.1. For individual annuity and pure endowment  
10 contracts issued prior to October 1, 1979, excluding any  
11 disability and accidental death benefits in such contracts,  
12 the 1971 Individual Annuity Mortality Table, or any  
13 modification of this table approved by the department, and 6  
14 percent interest for single-premium immediate annuity  
15 contracts and 4 percent interest for all other individual  
16 annuity and pure endowment contracts.

17           b.2. For individual single-premium immediate annuity  
18 contracts issued on or after October 1, 1979, and prior to  
19 October 1, 1986, excluding any disability and accidental death  
20 benefits in such contracts, the 1971 Individual Annuity  
21 Mortality Table, or any modification of this table approved by  
22 the department, and 7.5 percent interest. For such contracts  
23 issued on or after October 1, 1986, the 1983 Individual Annual  
24 Mortality Table, or any modification of such table approved by  
25 the department, and the applicable calendar year statutory  
26 valuation interest rate as described in subsection (6).

27           c.3. For individual annuity and pure endowment  
28 contracts issued on or after October 1, 1979, and prior to  
29 October 1, 1986, other than single-premium immediate annuity  
30 contracts, excluding any disability and accidental death  
31 benefits in such contracts, the 1971 Individual Annuity

1 Mortality Table, or any modification of this table approved by  
2 the department, and 5.5 percent interest for single-premium  
3 deferred annuity and pure endowment contracts and 4.5 percent  
4 interest for all other such individual annuity and pure  
5 endowment contracts. For such contracts issued on or after  
6 October 1, 1986, the 1983 Individual Annual Mortality Table,  
7 or any modification of such table approved by the department,  
8 and the applicable calendar year statutory valuation interest  
9 rate as described in subsection (6).

10 d.4. For all annuities and pure endowments purchased  
11 prior to October 1, 1979, under group annuity and pure  
12 endowment contracts, excluding any disability and accidental  
13 death benefits purchased under such contracts, the 1971 Group  
14 Annuity Mortality Table, or any modification of this table  
15 approved by the department, and 6 percent interest.

16 e.5. For all annuities and pure endowments purchased  
17 on or after October 1, 1979, and prior to October 1, 1986,  
18 under group annuity and pure endowment contracts, excluding  
19 any disability and accidental death benefits purchased under  
20 such contracts, the 1971 Group Annuity Mortality Table, or any  
21 modification of this table approved by the department, and 7.5  
22 percent interest. For such contracts purchased on or after  
23 October 1, 1986, the 1983 Group Annuity Mortality Table, or  
24 any modification of such table approved by the department, and  
25 the applicable calendar year statutory valuation interest rate  
26 as described in subsection (6).

27  
28 After July 1, 1973, any insurer may file with the department a  
29 written notice of its election to comply with the provisions  
30 of this paragraph after a specified date before January 1,  
31 1979, which shall be the operative date of this paragraph for

1 such insurer. However, an insurer may elect a different  
2 operative date for individual annuity and pure endowment  
3 contracts from that elected for group annuity and pure  
4 endowment contracts. If an insurer makes no such election,  
5 the operative date of this paragraph for such insurer shall be  
6 January 1, 1979.

7 (b) In lieu of the mortality tables specified in this  
8 subsection, and subject to rules adopted by the department, an  
9 insurance company:

10 1. May substitute the commissioner's 1958 Standard  
11 Ordinary Smoker and Nonsmoker Mortality Table or the  
12 commissioner's 1958 Extended Term Insurance Smoker and  
13 Nonsmoker Mortality Table, whichever is applicable, in lieu of  
14 the commissioner's 1980 Standard Ordinary Mortality Table  
15 standards or the commissioner's 1980 Extended Term Insurance  
16 Mortality Table standards, for policies issued on or after the  
17 effective date of s. 627.476(9)(h)2. and before January 1,  
18 1989.

19 2. May substitute the commissioner's 1980 Standard  
20 Ordinary Smoker and Nonsmoker Mortality Table or the  
21 commissioner's 1980 Extended Term Insurance Smoker and  
22 Nonsmoker Mortality Table, whichever is applicable, in lieu of  
23 the commissioner's 1980 Standard Ordinary Mortality Table  
24 standards or the commissioner's 1980 Extended Term Insurance  
25 Mortality Table standards.

26 3. May use the Annuity 2000 Mortality Table on an  
27 optional basis for determining the minimum standard of  
28 valuation for individual annuity and pure endowment contracts  
29 issued on or after the effective date of this section until  
30 the department, on a date certain on or after January 1, 1998,  
31

1 adopts by rule such table for determining the minimum standard  
2 for valuation purposes.

3 4. May use the 1994 Group Annuity Reserves Table on an  
4 optional basis for determining the minimum standard of  
5 valuation for annuities and pure endowments purchased on or  
6 after the effective date of this section under group annuity  
7 and pure endowment contracts until the department, on a date  
8 certain after January 1, 1998, adopts by rule such table for  
9 determining the minimum standard for valuation purposes.

10 Section 6. Paragraph (h) of subsection (9) of section  
11 627.476, Florida Statutes, is amended to read:

12 627.476 Standard Nonforfeiture Law for Life  
13 Insurance.--

14 (9) CALCULATION OF ADJUSTED PREMIUMS AND PRESENT  
15 VALUES FOR POLICIES ISSUED AFTER OPERATIVE DATE OF THIS  
16 SUBSECTION.--

17 (h)1. All adjusted premiums and present values  
18 referred to in this section shall for all policies of ordinary  
19 insurance be calculated on the basis of the Commissioners'  
20 1980 Standard Ordinary Mortality Table or, at the election of  
21 the insurer for any one or more specified plans of life  
22 insurance, the Commissioners' 1980 Standard Ordinary Mortality  
23 Table with Ten-Year Select Mortality Factors; shall for all  
24 policies of industrial insurance be calculated on the basis of  
25 the Commissioners' 1961 Standard Industrial Mortality Table;  
26 and shall for all policies issued in a particular calendar  
27 year be calculated on the basis of a rate of interest not  
28 exceeding the nonforfeiture interest rate as defined in this  
29 subsection for policies issued in that calendar year. However:

30 a.1. At the option of the insurer, calculations for  
31 all policies issued in a particular calendar year may be made

1 on the basis of a rate of interest not exceeding the  
2 nonforfeiture interest rate, as defined in this subsection,  
3 for policies issued in the immediately preceding calendar  
4 year.

5 ~~b.2.~~ Under any paid-up nonforfeiture benefit,  
6 including any paid-up dividend additions, any cash surrender  
7 value available, whether or not required by subsection (2),  
8 shall be calculated on the basis of the mortality table and  
9 rate of interest used in determining the amount of such  
10 paid-up nonforfeiture benefit and paid-up dividend additions,  
11 if any.

12 ~~c.3.~~ An insurer may calculate the amount of any  
13 guaranteed paid-up nonforfeiture benefit, including any  
14 paid-up additions under the policy, on the basis of an  
15 interest rate no lower than that specified in the policy for  
16 calculating cash surrender values.

17 ~~d.4.~~ In calculating the present value of any paid-up  
18 term insurance with accompanying pure endowment, if any,  
19 offered as a nonforfeiture benefit, the rates of mortality  
20 assumed may be not more than those shown in the Commissioners'  
21 1980 Extended Term Insurance Table for policies of ordinary  
22 insurance and not more than the Commissioners' 1961 Industrial  
23 Extended Term Insurance Table for policies of industrial  
24 insurance.

25 ~~e.5.~~ For insurance issued on a substandard basis, the  
26 calculation of any such adjusted premiums and present values  
27 may be based on appropriate modifications of the  
28 aforementioned tables.

29 2. In lieu of the mortality tables specified in this  
30 section, an insurance company may substitute, subject to rules  
31 adopted by the department:



1           a. The commissioner's 1958 Standard Ordinary Smoker  
2 and Nonsmoker Mortality Table or the commissioner's 1958  
3 Extended Term Insurance Smoker and Nonsmoker Mortality Table,  
4 whichever is applicable, for policies issued on or after the  
5 effective date of this subparagraph and before January 1,  
6 1989.

7           b. The commissioner's 1980 Standard Ordinary Smoker  
8 and Nonsmoker Mortality Table or the commissioner's 1980  
9 Extended Term Insurance Smoker and Nonsmoker Mortality Table,  
10 whichever is applicable, for policies issued on or after the  
11 effective date of this subparagraph.

12           c. A mortality table which is a blend of the  
13 commissioner's sex-distinct 1980 Standard Ordinary Mortality  
14 Table standards or the commissioner's sex-distinct 1980  
15 Extended Term Insurance Mortality Table standards, whichever  
16 is applicable, or a mortality table which is a blend of the  
17 commissioner's sex-distinct 1980 Standard Ordinary Smoker and  
18 Nonsmoker Mortality Table standards or the commissioner's  
19 sex-distinct 1980 Extended Term Insurance Smoker and Nonsmoker  
20 Mortality Table standards, whichever is applicable, for  
21 policies subject to the United States Supreme Court decision  
22 in Arizona Governing Committee v. Norris to prevent unfair  
23 discrimination in employment situations.

24           Section 7. Effective October 1, 1997, section  
25 627.4555, Florida Statutes, is amended to read:

26           627.4555 Secondary notice.--Except as provided in this  
27 section, no contract for life insurance issued or issued for  
28 delivery in this state on or after October 1, 1997, covering a  
29 natural person 64 years of age or older ~~or owned by a natural~~  
30 ~~person 64 years of age or older~~, which has been in force for  
31 at least 1 year, shall be lapsed ~~canceled~~ for nonpayment of

1 premium unless, after expiration of the grace period, and at  
2 least 21 days prior to the effective date of any such lapse  
3 ~~cancellation~~, the insurer has mailed a notification of such  
4 impending possible lapse in coverage to the policyowner ~~owner~~  
5 ~~of the policy~~ and to a specified secondary addressee if such  
6 addressee has been designated in writing by name and address  
7 by the policyowner. An insurer issuing a life insurance  
8 contract on or after October 1, 1997 ~~1995~~, shall notify the  
9 applicant of the right to designate a secondary addressee at  
10 the time of application for the policy, on a form provided by  
11 the insurer, and at any time the policy is in force, by  
12 submitting a written notice to the insurer containing the name  
13 and address of the secondary addressee. For purposes of any  
14 life insurance policy which provides a grace period of more  
15 than 51 days for nonpayment of premiums, the notice of  
16 impending lapse in coverage required by this section shall be  
17 mailed to the policyowner and the secondary addressee at least  
18 21 days prior to the expiration of the grace period provided  
19 in such policy. This section does not apply to any life  
20 insurance contract under which premiums are payable monthly or  
21 more frequently and are regularly collected by a licensed  
22 agent or are paid by credit card or any preauthorized check  
23 processing or automatic debit service of a financial  
24 institution. ~~For policies of life insurance issued or renewed~~  
25 ~~on or after October 1, 1995, the insurer shall notify the~~  
26 ~~owner, at least annually, of the right to designate a~~  
27 ~~secondary addressee.~~

28 Section 8. Effective October 1, 1997, section  
29 627.5045, Florida Statutes, is amended to read:

30 627.5045 Secondary notice.--Except as provided in this  
31 section, no contract for an industrial life insurance policy

1 issued or issued for delivery in this state on or after  
2 October 1, 1997,for which premiums are paid monthly, covering  
3 a natural person 64 years of age or older or owned by a  
4 natural person 64 years of age or older, which has been in  
5 force for at least 1 year, shall be lapsed ~~canceled~~ for  
6 nonpayment of premium unless, after expiration of the grace  
7 period, and at least 21 days prior to the effective date of  
8 such lapse ~~cancellation~~, the insurer has mailed a notification  
9 of such impending ~~possible~~ lapse in coverage to the  
10 policyowner ~~owner of the policy~~ and to a specified secondary  
11 addressee if such addressee has been designated in writing by  
12 name and address by the policyowner. An insurer issuing an  
13 industrial life insurance contract on or after October 1, 1997  
14 ~~1995~~, shall notify the applicant of the right to designate a  
15 secondary addressee at the time of application for the policy  
16 on a form provided by the insurer and at any time the policy  
17 is in force by submitting a written notice to the insurer  
18 containing the name and address of the secondary addressee.  
19 This section does not apply to any life insurance contract  
20 under which premiums are payable monthly or more frequently  
21 and are regularly collected by a licensed agent. ~~For policies~~  
22 ~~of industrial life insurance issued or renewed on or after~~  
23 ~~October 1, 1995, the insurer shall notify the owner, at least~~  
24 ~~annually, of the right to designate a secondary addressee.~~

25 Section 9. Effective October 1, 1997, section 628.801,  
26 Florida Statutes, is amended to read:

27 628.801 Insurance holding companies; registration;  
28 regulation.--Every insurer which is authorized to do business  
29 in this state and which is a member of an insurance holding  
30 company shall register with the department and be subject to  
31 regulation with respect to its relationship to such holding

1 company as provided by rule or statute. The department shall  
2 adopt rules establishing the information and form required for  
3 registration and the manner in which registered insurers and  
4 their affiliates shall be regulated. The rules shall apply to  
5 domestic insurers, foreign insurers, and commercially  
6 domiciled insurers, except a foreign insurer domiciled in  
7 states that are accredited by the National Association of  
8 Insurance Commissioners by December 31, 1995. Except to the  
9 extent of any conflict with this code, the rules must include  
10 all requirements and standards of ss. 4 and 5 of the Insurance  
11 Holding Company System Regulatory Act and the Insurance  
12 Holding Company System Model Regulation of the National  
13 Association of Insurance Commissioners, as the Regulatory Act  
14 and the Model Regulation existed on January 1, 1997 ~~1993~~, and  
15 may include a prohibition on oral contracts between affiliated  
16 entities. Upon request, the department may waive filing  
17 requirements under this section for a domestic insurer that is  
18 the subsidiary of an insurer that is in full compliance with  
19 the insurance holding company registration laws of its state  
20 of domicile, which state is accredited by the National  
21 Association of Insurance Commissioners.

22 Section 10. Except as otherwise provided herein, this  
23 act shall take effect upon becoming a law.

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HOUSE SUMMARY

Requires domestic insurers, including property and casualty insurers and life and health insurers, and foreign insurers to submit to the Department of Insurance, upon request, a report relating to their risk based capital. Requires domestic insurers to file with the department a report of their assets or their ceded reinsurance agreements. Provides exceptions. Provides definitions and reporting requirements. Prescribes authority of the department and authorizes the department to adopt rules. Deletes a limitation on the frequency of specified market conduct examinations. Increases time limitations on insurers for preparing annual reports and other information. Specifies application of dividends or premium refunds for purposes of calculating annual assessments for the Special Disability Trust Fund and expenses of administration. Authorizes insurance companies to use substitute mortality tables for purposes of valuation of insurance policies. Revises provisions requiring notice to policyowners and secondary addressees of impending lapse of life insurance policies. See bill for details.