

By Senators Diaz-Balart and Horne

24-1063-99

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 628.231, F.S.; prescribing factors that
4 directors of a domestic insurer may consider in
5 carrying out their duties; amending s. 628.715,
6 F.S.; authorizing a mutual insurance holding
7 company to merge or consolidate with or acquire
8 the assets of a foreign mutual insurance
9 company; amending s. 628.723, F.S.; prescribing
10 factors that directors of a mutual insurance
11 holding company may consider in carrying out
12 their duties; providing an effective date.

13

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

15

16 Section 1. Subsection (5) is added to section 628.231,
17 Florida Statutes, to read:

18

628.231 Directors; number, election.--

19

20 (5) In discharging their duties, directors may
21 consider such factors as they consider to be relevant,
22 including the long-term prospects and interests of the
23 corporation and its shareholders; the social, economic, legal,
24 or other effects of any action on the employees, suppliers, or
25 customers of the corporation or its subsidiaries; the
26 communities and society in which the corporation or its
27 subsidiaries operate; and the economy of the state and nation.
28 The directors may also consider the short-term and long-term
29 interests of the insurer, including benefits that may accrue
30 to the insurer from its long-term plans, and the possibility
31 that these interests may be best served by the continued
independence of the insurer; the resources, intent, and

1 conduct, past, stated, and potential, of any person seeking to
2 acquire control of the insurer; and any other relevant
3 factors.

4 Section 2. Subsection (1) of section 628.715, Florida
5 Statutes, is amended to read:

6 628.715 Merger and acquisitions.--Subject to
7 applicable requirements of this chapter, a mutual insurance
8 holding company may:

9 (1)(a) Merge or consolidate with, or acquire the
10 assets of, a mutual insurance holding company licensed
11 pursuant to this act or any similar entity organization
12 pursuant to laws of any other state;

13 (b) Either alone or together with one or more
14 intermediate stock holding companies, or other subsidiaries,
15 directly or indirectly acquire the stock of a stock insurance
16 company or a mutual insurance company that reorganizes under
17 this act or the law of its state of organization;

18 (c) Together with one or more of its stock insurance
19 company subsidiaries, acquire the assets of a stock insurance
20 company or a mutual insurance company;

21 (d) Acquire a stock insurance company through the
22 merger of such stock insurance subsidiary with a stock
23 insurance company or interim stock insurance company
24 subsidiary of the mutual insurance holding company; ~~or~~

25 (e) Acquire the stock or assets of any other person to
26 the same extent as would be permitted for any not-for-profit
27 corporation under chapter 617 or, if the mutual insurance
28 holding company writes insurance, a mutual insurance company;
29 or

30 (f) Merge or consolidate with, or acquire the assets
31 of, a foreign mutual insurance company which redomesticates

1 pursuant to s. 628.520. The members of the foreign mutual
2 insurance company may approve in a contemporaneous vote both
3 the redomestication plan and the agreement for merger and
4 reorganization as provided in subsection (2).

5 Section 3. Subsection (5) is added to section 628.723,
6 Florida Statutes, to read:

7 628.723 Directors; number; election.--

8 (5) In discharging their duties, directors may
9 consider such factors as they consider to be relevant,
10 including the long-term prospects and interests of the
11 corporation and its shareholders; the social, economic, legal,
12 or other effects of any action on the employees, suppliers, or
13 customers of the corporation or its subsidiaries; the
14 communities and society in which the corporation or its
15 subsidiaries operate; and the economy of the state and nation.
16 The directors may also consider the short-term and long-term
17 interests of the insurer, including benefits that may accrue
18 to the insurer from its long-term plans, and the possibility
19 that these interests may be best served by the continued
20 independence of the insurer; the resources, intent, and
21 conduct, past, stated, and potential, of any person seeking to
22 acquire control of the insurer; and any other relevant
23 factors.

24 Section 4. This act shall take effect July 1, 1999.

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27 SENATE SUMMARY

28 Prescribes factors that directors of a domestic insurer
29 or a mutual insurance holding company may consider in
30 carrying out their duties. Authorizes a mutual insurance
31 holding company to merge or consolidate with or acquire
the assets of a foreign mutual insurance company.