

By the Committee on Banking and Insurance; and Senators  
Diaz-Balart and Horne

311-2091-99

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 and the social, economic,  
24 legal, or other effects of any action on the employees,  
25 suppliers, or policyholders of the corporation or its  
26 subsidiaries, the communities and society in which the  
27 corporation or its subsidiaries operate, and the economy of  
28 the state and nation. The directors may also consider the  
29 short-term and long-term interests of the insurer, including  
30 benefits that may accrue to the insurer from its long-term  
31 plans, and the possibility that these interests may be best  
served by the continued independence of the insurer; the

1 resources, intent, and conduct, past, stated, and potential,  
2 of any person seeking to acquire control of the insurer; and  
3 any other relevant 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 and the social, economic,  
12 legal, or other effects of any action on the employees,  
13 suppliers, or policyholders of the corporation or its  
14 subsidiaries, the communities and society in which the  
15 corporation or its subsidiaries operate, and the economy of  
16 the state and nation. The directors may also consider the  
17 short-term and long-term interests of the insurer, including  
18 benefits that may accrue to the insurer from its long-term  
19 plans, and the possibility that these interests may be best  
20 served by the continued independence of the insurer; the  
21 resources, intent, and conduct, past, stated, and potential,  
22 of any person seeking to acquire control of the insurer; and  
23 any other relevant factors.

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

25  
26 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
27 COMMITTEE SUBSTITUTE FOR  
28 Senate Bill 2048

29 Changes reference from "customers" to "policyholders" in the  
30 standards that may be considered by directors of a domestic  
31 insurer or a domestic mutual insurance holding company in  
punctuation. carrying out their duties, and technically revises the