

Amendment No. ____ (for drafter's use only)

<u>Senate</u>	CHAMBER ACTION	<u>House</u>
---------------	----------------	--------------

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

·
·
·
·
·
·

ORIGINAL STAMP BELOW

Representative(s) Tullis and Bitner offered the following:

Amendment (with title amendment)

On page 29, between lines 4 & 5, of the bill

insert:

Section 14. Subsection (2) of section 624.4071, Florida Statutes, is amended to read:

624.4071 Special purpose homeowner insurance company.--

(2) A special purpose homeowner insurance company must have a parent company, and both companies must meet the requirements of this subsection in order for the subsidiary to qualify for and maintain a certificate of authority under this section.

(a) The parent company must be an admitted insurer in at least one state in the United States and must have over \$50 million in capital and surplus.

(b) The parent company must have and maintain at least 51 percent of the equity and at least 51 percent of the control of the special purpose homeowner insurance company.

1 (c) An insurer not authorized to transact business in
2 this state, but that otherwise meets the requirements of this
3 section, may apply as a special purpose homeowner insurance
4 company.

5 (d) The special purpose homeowner insurance company
6 must:

7 1. Have and maintain at least \$10 million in surplus
8 and otherwise satisfy the requirements of s. 624.4095.

9 2. Be a member of the Florida Insurance Guaranty
10 Association and the Florida Hurricane Catastrophe Fund, and be
11 subject to any of their required assessments and premium
12 charges. However, a special purpose homeowner insurance
13 company may not be a member of the Florida Windstorm
14 Underwriting Association or the Florida Residential Property
15 and Casualty Joint Underwriting Association, and neither the
16 company nor its policyholders are subject to any assessments
17 by these associations except for emergency assessments
18 collected from policyholders pursuant to s.
19 627.351(2)(b)2.d.(III) and (6)(b)3.d. For the sole purpose of
20 levying and collecting emergency assessments and determining
21 the statewide written premium for property insurance, special
22 purpose homeowner insurance companies shall be considered
23 member insurers of the Florida Windstorm Underwriting
24 Association and the Florida Residential Property and Casualty
25 Joint Underwriting Association. For the sole purpose of
26 reimbursement under s. 215.555(4)(e)3., a special purpose
27 homeowner insurance company shall be considered a limited
28 apportionment company as defined under s. 627.351(2)(b)3.

29 3. Offer coverage for all perils, including windstorm,
30 in providing residential coverage as defined in s. 627.4025. A
31 special purpose homeowner insurance company's rates must be

1 filed with the department. After a period of 1 year from the
2 date a company receives a certificate of authority, the
3 company's rates are subject to department approval under s.
4 627.062.

5 Section 15. Paragraph (f) is added to subsection (1)
6 of section 628.715, Florida Statutes, and paragraph (b) of
7 subsection (2) of said section, is amended to read:

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

11 (1)

12 (f) Merge or consolidate with, or acquire the assets
13 of, a foreign mutual insurance company which redomesticates
14 pursuant to s. 628.520. The members of the foreign mutual
15 insurance company may approve the redomestication plan, as
16 well as the plan and agreement for merger and reorganization
17 as provided in subsection (2), in a contemporaneous vote.

18 (2) A reorganization pursuant to this section is
19 subject to the applicable procedures prescribed by the laws of
20 this state applying to corporations formed for profit, except
21 as otherwise provided in this subsection.

22 (b) No such merger shall be effectuated unless in
23 advance thereof, the plan and agreement therefor have been
24 filed with the department and approved by it. The department
25 may retain outside consultants to evaluate each merger. The
26 domestic mutual insurance holding company shall pay reasonable
27 costs associated with retaining such consultants. Such
28 payments shall be made directly to the consultant. The
29 department shall give such approval unless it finds such plan
30 or agreement:

31 1. Is inequitable to the policyholders of any domestic

1 insurer involved in the merger or the members of any domestic
2 mutual insurance holding company involved in the merger; or

3 2. Would substantially reduce the security of and
4 service to be rendered to policyholders of a domestic insurer
5 in this state.

6 Section 16. Subsection (5) is added to section
7 628.231, Florida Statutes, to read:

8 628.231 Directors; number, election.--

9 (5) In discharging his or her duties, a director may
10 consider such factors as the directors deem relevant,
11 including, but not limited to, the long-term prospects and
12 interests of the corporation and its shareholders, the social,
13 economic, legal, or other effects of any action on the
14 employees, suppliers, or policyholders of the corporation or
15 its subsidiaries, the communities and society in which the
16 corporation or its subsidiaries operate, and the economy of
17 the state and the nation. The director may also consider the
18 short-term and long-term interests of the insurer, including,
19 but not limited to, benefits that may accrue to the insured
20 from the insurer's long-term plans, the possibility that such
21 interests may be best served by the continued independence of
22 the insurer, the resources, intent, and past, present, and
23 potential conduct of any person seeking to acquire control of
24 the insurer, and any other relevant factors.

25 Section 17. Subsection (5) is added to section
26 628.723, Florida Statutes, to read:

27 628.723 Directors; number; election.--

28 (5) In discharging his or her duties, a director may
29 consider such factors as the directors deem relevant,
30 including, but not limited to, the long-term prospects and
31 interests of the corporation and its shareholders, the social,

1 economic, legal, or other effects of any action on the
2 employees, suppliers, or policyholders of the corporation or
3 its subsidiaries, the communities and society in which the
4 corporation or its subsidiaries operate, and the economy of
5 the state and the nation. The director may also consider the
6 short-term and long-term interests of the insurer, including,
7 but not limited to, benefits that may accrue to the insured
8 from the insurer's long-term plans, the possibility that such
9 interests may be best served by the continued independence of
10 the insurer, the resources, intent, and past, present, and
11 potential conduct of any person seeking to acquire control of
12 the insurer, and any other relevant factors.

13 Section 18. Subsection (1) of section 628.729, Florida
14 Statutes, is amended to read:

15 628.729 Member's share of assets on voluntary
16 dissolution.--

17 (1) Upon any voluntary dissolution of a domestic
18 mutual insurance holding company, its assets remaining after
19 discharge of its indebtedness, if any, and expenses of
20 administration, shall be distributed to existing persons who
21 were its members at any time within the 3-year period
22 preceding the date such liquidation was authorized or ordered,
23 or date of last termination of the insurer's certificate of
24 authority, whichever date is earlier; except, if the
25 department has reason to believe that those in charge of the
26 management of the mutual insurance holding company have caused
27 or encouraged the reduction of the number of members of the
28 insurer in anticipation of liquidation and for the purpose of
29 reducing thereby the number of persons who may be entitled to
30 share in distribution of the insurer's assets, the department
31 may enlarge the 3-year ~~5-year~~ qualification period by such

Amendment No. ____ (for drafter's use only)

1 additional time as the department may deem to be reasonable.

2 Section 19. This act shall take effect upon becoming a
3 law.

4
5

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

7 And the title is amended as follows:

8 On page 2, line 22, after the semicolon,

9

10 insert:

11 amending s. 624.4071, F.S.; providing
12 qualifications for special purpose homeowner
13 insurance companies; amending s. 628.715, F.S.;
14 authorizing a mutual insurance holding company
15 to merge or consolidate with, or acquire the
16 assets of, a foreign mutual insurance company
17 under certain circumstances; providing for the
18 use of consultants; amending ss. 628.231 and
19 628.723, F.S.; authorizing directors of
20 domestic insurers and mutual insurance holding
21 companies to consider certain factors while
22 taking corporate action in discharging their
23 duties; amending s. 628.729, F.S.; revising the
24 qualification period; providing an effective
25 date.

26
27
28
29
30
31