

By the Committee on Banking and Insurance; and Senator Rossin

311-2169-99

1 A bill to be entitled
 2 An act relating to insurance; amending s.
 3 284.33, F.S.; revising requirements for
 4 purchase of annuities by the Department of
 5 Insurance; amending s. 626.094, F.S.; excluding
 6 certain corporations from the definition of
 7 insurance agency under certain circumstances
 8 for purposes of sharing commissions; amending
 9 s. 626.99, F.S.; revising the buyer's guide
 10 that must be used by insurers soliciting life
 11 insurance; creating s. 627.478, F.S.;
 12 authorizing the Department of Insurance to
 13 adopt by rule the model regulation of the
 14 National Association of Insurance Commissioners
 15 concerning the valuation of life insurance
 16 policies; providing an effective date.

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

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 20 Section 1. Section 626.094, Florida Statutes, is
 21 amended to read:
 22 626.094 "Insurance agency" defined.--An "insurance
 23 agency" is a business location at which an individual, firm,
 24 partnership, corporation, association, or other entity, except
 25 for an employee of the individual, firm, partnership,
 26 corporation, association, or other entity, and other than an
 27 insurer as defined by s. 624.03 or an adjuster as defined by
 28 s. 626.101, engages in any activity or employs individuals to
 29 engage in any activity which by law may be performed only by a
 30 licensed insurance agent or solicitor. A foreign firm,
 31 partnership, corporation, association, or other entity that is

1 owned or controlled by a resident of this state or a business
2 entity within this state, that uses or employs a nonresident
3 agent licensed under s. 626.741, and that furnishes
4 advertising or solicitation materials that are distributed in
5 this state or uses unlicensed personnel to initiate customer
6 contact with a nonresident agent shall not be deemed an
7 insurance agency for purposes of s. 626.753.

8 Section 2. Subsection (1) of section 284.33, Florida
9 Statutes, is amended to read:

10 284.33 Purchase of insurance, reinsurance, and
11 services.--

12 (1) The Department of Insurance is authorized to
13 provide insurance, specific excess insurance, and aggregate
14 excess insurance through the Department of Management
15 Services, pursuant to the provisions of part I of chapter 287,
16 as necessary to provide insurance coverages authorized by this
17 part, consistent with market availability. However, the
18 Department of Insurance may directly purchase annuities
19 through use of a structured settlement insurance consulting
20 firm selected by the department to assist in the settlement of
21 claims being handled by the Division of Risk Management. The
22 selection of the structured settlement insurance services
23 consultant shall be made by using competitive sealed
24 proposals. The consulting firm shall act as an agent of record
25 for the department in procuring the best annuity products
26 available to facilitate structured settlement of claims,
27 considering price, insurer financial strength, and the best
28 interests of the state risk management program. Purchase of
29 annuities by the department using a structured settlement
30 method shall be excepted from competitive sealed bidding or
31 proposal requirements.The Department of Insurance is further

1 authorized to purchase such risk management services,
2 including, but not limited to, risk and claims control; safety
3 management; and legal, investigative, and adjustment services,
4 as may be required and pay claims. The department may contract
5 with a service organization for such services and advance
6 money to such service organization for deposit in a special
7 checking account for paying claims made against the state
8 under the provisions of this part. The special checking
9 account shall be maintained in this state in a bank or savings
10 association organized under the laws of this state or of the
11 United States. The department may replenish such account as
12 often as necessary upon the presentation by the service
13 organization of documentation for payments of claims equal to
14 the amount of the requested reimbursement.

15 Section 3. Subsection (6) of section 626.99, Florida
16 Statutes, is amended to read:

17 626.99 Life insurance solicitation.--

18 (6) ADOPTION OF BUYER'S GUIDE; REQUIREMENTS.--Any
19 insurer soliciting life insurance in this state on or after
20 October 1, 1980, shall adopt and use a buyer's guide, and the
21 adoption and use by an insurer of the buyer's guide adopted
22 October 1, 1996, ~~May 4, 1976~~, by the National Association of
23 Insurance Commissioners in the NAIC Life Insurance
24 Solicitation Model Regulation shall be in compliance with the
25 requirements of this section.

26 Section 4. Section 627.478, Florida Statutes, is
27 created to read:

28 627.478 Valuation of life insurance policies.--The
29 department may adopt by rule the
30 valuation-of-life-insurance-policies model regulation as
31 approved by the National Association of Insurance

1 Commissioners in March 1999, including tables of select
2 mortality factors.

3 Section 5. This act shall take effect July 1, 1999.

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5 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
6 COMMITTEE SUBSTITUTE FOR
7 Senate Bill 900

8 Revises the amendment to s. 626.094, F.S., to exclude from the
9 definition of "insurance agency," a foreign corporation or
10 other entity which is owned or controlled by a Florida
11 resident or Florida business entity, who uses or employs a
12 nonresident licensed insurance agent, and who furnishes
insurance advertising or solicitation materials which are
distributed in Florida, or who uses unlicensed personnel to
initiate customer contact with a nonresident insurance agent
for the purposes of sharing commissions.

13 Amends s. 284.33(1), F.S., to allow the Department of
14 Insurance to directly purchase annuities by using a structured
15 settlement insurance consulting firm. The consulting firm will
16 aid the Division of Risk Management in the settlement of
17 claims. The consulting firm will be chosen by the sealed
18 competitive bidding process, but the actual purchase of
19 annuities by the consulting firm for the department will not
20 be subject to the sealed competitive bidding process.

21 Amends s. 626.99(6), F.S., to update the edition of the
22 National Association of Insurance Commissioners buyer's guide,
23 which may be used by life insurers to comply with s. 626.99,
24 F.S., from the May 4, 1976 edition to the October 1, 1996
25 edition.

26 Creates s.627.478, F.S., to allow the Department of Insurance
27 to adopt by rule the National Association of Insurance
28 Commissioners' model regulation on the valuation of life
29 insurance policies.

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