

By Senator Holzendorf

2-428-00

1 A bill to be entitled
 2 An act relating to insurance; amending s.
 3 284.33, F.S.; authorizing the Department of
 4 Insurance to directly purchase annuities
 5 through a structured settlement insurance
 6 services consultant; providing procedures and
 7 requirements; amending s. 625.121, F.S.;
 8 deleting a reference to deficiency reserves for
 9 certain term life insurance policies; amending
 10 s. 626.99, F.S.; revising a reference to a more
 11 current edition of a cited buyer's guide;
 12 creating s. 627.4785, F.S.; authorizing the
 13 Department of Insurance to adopt a certain
 14 valuation of life insurance policies model
 15 regulation; amending s. 627.6487, F.S.;
 16 clarifying that creditable coverage must have
 17 been in effect in this state; providing an
 18 effective date.

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

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 22 Section 1. Subsection (1) of section 284.33, Florida
 23 Statutes, is amended to read:

24 284.33 Purchase of insurance, reinsurance, and
 25 services.--

26 (1) The Department of Insurance is authorized to
 27 provide insurance, specific excess insurance, and aggregate
 28 excess insurance through the Department of Management
 29 Services, pursuant to the provisions of part I of chapter 287,
 30 as necessary to provide insurance coverages authorized by this
 31 part, consistent with market availability. However, the

1 Department of Insurance may directly purchase annuities by
2 using a structured settlement insurance consulting firm
3 selected by the department to assist in the settlement of
4 claims being handled by the Division of Risk Management. The
5 selection of the structured settlement insurance services
6 consultant shall be made by using competitive sealed
7 proposals. The consulting firm shall act as an agent of record
8 for the department in procuring the best annuity products
9 available to facilitate structured settlement of claims,
10 considering price, insurer financial strength, and the best
11 interests of the state risk management program. Purchase of
12 annuities by the department using a structured settlement
13 method is excepted from competitive sealed bidding or proposal
14 requirements.The Department of Insurance is further
15 authorized to purchase such risk management services,
16 including, but not limited to, risk and claims control; safety
17 management; and legal, investigative, and adjustment services,
18 as may be required and pay claims. The department may contract
19 with a service organization for such services and advance
20 money to such service organization for deposit in a special
21 checking account for paying claims made against the state
22 under the provisions of this part. The special checking
23 account shall be maintained in this state in a bank or savings
24 association organized under the laws of this state or of the
25 United States. The department may replenish such account as
26 often as necessary upon the presentation by the service
27 organization of documentation for payments of claims equal to
28 the amount of the requested reimbursement.

29 Section 2. Subsection (11) of section 625.121, Florida
30 Statutes, is amended to read:

31 625.121 Standard Valuation Law; life insurance.--

1 (11) DEFICIENCY RESERVE.--If in any contract year the
2 gross premium charged by any life insurer on any policy or
3 contract is less than the valuation net premium for the policy
4 or contract calculated by the method used in calculating the
5 reserve thereon but using the minimum valuation standards of
6 mortality and rate of interest, there shall be maintained on
7 such policy or contract a deficiency reserve in addition to
8 the reserve defined by subsections (7) and (12). For each
9 such policy or contract, the deficiency reserve shall be the
10 present value, according to the minimum valuation standards of
11 mortality and rate of interest, of the differences between all
12 such valuation net premiums and the corresponding premiums
13 charged for such policy or contract during the remainder of
14 the premium-paying period. ~~As regards renewable term life~~
15 ~~insurance, the policy reserve and foregoing deficiency reserve~~
16 ~~shall be calculated using the current term period only.~~For
17 any category of policies, contracts, or benefits specified in
18 subsections (5) and (6), issued on or after the operative date
19 of s. 627.476 (the Standard Nonforfeiture Law for Life
20 Insurance), the aggregate deficiency reserves may be reduced
21 by the amount, if any, by which the aggregate reserves
22 actually calculated in accordance with subsection (9) exceed
23 the minimum aggregate reserves prescribed by subsection (8).
24 The minimum valuation standards of mortality and rate of
25 interest referred to in this subsection are those standards
26 stated in subsections (5) and (6). However, for any life
27 insurance policy which is issued on or after January 1, 1985,
28 for which the gross premium in the first policy year exceeds
29 that of the second year and for which no comparable additional
30 benefit is provided in the first year for such excess, and
31 which provides an endowment benefit, a cash surrender value,

1 or a combination thereof in an amount greater than such excess
2 premium, the foregoing provisions of this subsection shall be
3 applied as if the method actually used in calculating the
4 reserve for such policy were the method described in
5 subsection (7), the provisions of subparagraph (7)(a)2. being
6 ignored. The amount of the deficiency reserve, if any, at
7 each policy anniversary of such a policy shall be the excess,
8 if any, of the amount determined by the foregoing provisions
9 of this subsection plus the reserve calculated by the method
10 described in subsection (7), the provisions of subparagraph
11 (7)(a)2. being ignored, over the reserve actually calculated
12 by the method described in subsection (7), the provisions of
13 subparagraph (7)(a)2. being taken into account.

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

16 626.99 Life insurance solicitation.--

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

25 Section 4. Section 627.4785, Florida Statutes, is
26 created to read:

27 627.4785 Valuation of life insurance policies.--The
28 department may adopt by rule the valuation of life insurance
29 policies model regulation as approved by the National
30 Association of Insurance Commissioners in March 1999,

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1 including tables of select mortality factors, and may make the
2 regulation effective January 1, 2000.

3 Section 5. Subsection (3) of section 627.6487, Florida
4 Statutes, is amended to read:

5 627.6487 Guaranteed availability of individual health
6 insurance coverage to eligible individuals.--

7 (3) For the purposes of this section, the term
8 "eligible individual" means an individual:

9 (a)1. For whom, as of the date on which the individual
10 seeks coverage under this section, the aggregate of the
11 periods of creditable coverage, as defined in s. 627.6561(5)
12 and (6), is 18 or more months; and

13 2.a. Whose most recent prior creditable coverage was
14 provided in this state under a group health plan, governmental
15 plan, or church plan in effect in this state, or health
16 insurance coverage issued in this state and offered in
17 connection with any such plan; or

18 b. Whose most recent prior creditable coverage was
19 under an individual plan issued in this state by a health
20 insurer or health maintenance organization, which coverage is
21 terminated due to the insurer or health maintenance
22 organization becoming insolvent or discontinuing the offering
23 of all individual coverage in the State of Florida, or due to
24 the insured no longer living in the service area in the State
25 of Florida of the insurer or health maintenance organization
26 that provides coverage through a network plan in the State of
27 Florida;

28 (b) Who is not eligible for coverage under:

29 1. A group health plan, as defined in s. 2791 of the
30 Public Health Service Act;

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1 2. A conversion policy or contract issued by an
2 authorized insurer or health maintenance organization under s.
3 627.6675 or s. 641.3921, respectively, offered to an
4 individual who is no longer eligible for coverage under either
5 an insured or self-insured employer plan;

6 3. Part A or part B of Title XVIII of the Social
7 Security Act; or

8 4. A state plan under Title XIX of such act, or any
9 successor program, and does not have other health insurance
10 coverage;

11 (c) With respect to whom the most recent coverage
12 within the coverage period described in paragraph (a) was not
13 terminated based on a factor described in s. 627.6571(2)(a) or
14 (b), relating to nonpayment of premiums or fraud, unless such
15 nonpayment of premiums or fraud was due to acts of an employer
16 or person other than the individual;

17 (d) Who, having been offered the option of
18 continuation coverage under a COBRA continuation provision or
19 under s. 627.6692, elected such coverage; and

20 (e) Who, if the individual elected such continuation
21 provision, has exhausted such continuation coverage under such
22 provision or program.

23 Section 6. This act shall take effect upon becoming a
24 law.

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SENATE SUMMARY

Authorizes the Department of Insurance to purchase annuities directly by using a structured settlement insurance consulting firm to assist in the settlement of claims handled by the Division of Risk Management. Provides procedures and requirements. Deletes a requirement that, for renewable term life insurance, the policy reserve and deficiency reserve must be calculated by using the current term period only. Updates the buyer's guide edition adopted by the National Association of Insurance Commissioners in the Life Insurance Solicitation Model Regulation. Authorizes the department to adopt the valuation of life insurance policies model regulation approved by the National Association of Insurance Commissioners in March 1999, and to make it effective January 1, 2000. Clarifies that for purposes of guaranteed availability of individual health insurance coverage to eligible individuals, the term "eligible individual" means an individual whose most recent prior creditable coverage was provided and in effect in this state.