

Bill No. CS for SB 182

Amendment No.

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
1		.	
2		.	
3		.	
4		.	
5			
6			
7			
8			
9			
10			
11	Senators Diaz-Balart and Scott moved the following amendment:		
12			
13	Senate Amendment (with title amendment)		
14	Delete everything after the enacting clause		
15			
16	and insert:		
17	Section 1. Paragraphs (d) and (e) of subsection (1)		
18	and paragraph (b) of subsection (2) of section 628.715,		
19	Florida Statutes, are amended, and paragraph (f) is added to		
20	subsection (1) of said section, to read:		
21	628.715 Merger and acquisitions.--Subject to		
22	applicable requirements of this chapter, a mutual insurance		
23	holding company may:		
24	(1)		
25	(d) Acquire a stock insurance company through the		
26	merger of such stock insurance subsidiary with a stock		
27	insurance company or interim stock insurance company		
28	subsidiary of the mutual insurance holding company; or		
29	(e) Acquire the stock or assets of any other person to		
30	the same extent as would be permitted for any not-for-profit		
31	corporation under chapter 617 or, if the mutual insurance		

Bill No. CS for SB 182

Amendment No. ____

1 holding company writes insurance, a mutual insurance company;
2 or-

3 (f) Jointly, with a domestic or foreign mutual
4 insurance company which redomesticates pursuant to s. 628.520,
5 file an application with the department, pursuant to the
6 provisions of this part, to merge the domestic or foreign
7 mutual insurance company policyholder's membership interests
8 into the mutual insurance holding company. The reorganizing
9 mutual insurance company may merge with the mutual insurance
10 holding company's stock subsidiary or continue its corporate
11 existence as a domestic stock insurance company subsidiary.
12 The members of the foreign mutual insurance company may
13 approve in a contemporaneous vote both the redomestication
14 plan and the agreement for merger and reorganization.

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

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

28 1. Is inequitable to the policyholders of any domestic
29 insurer involved in the merger or the members of any domestic
30 mutual insurance holding company involved in the merger; or

31 2. Would substantially reduce the security of and

Bill No. CS for SB 182

Amendment No. ____

1 service to be rendered to policyholders of a domestic insurer
2 in this state.

3 Section 2. Subsection (5) is added to section 628.231,
4 Florida Statutes, to read:

5 628.231 Directors; number, election.--

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

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

24 628.723 Directors; number; election.--

25 (5) In discharging his or her duties, a director may
26 consider such factors as the directors deem relevant,
27 including, but not limited to, the long-term prospects and
28 interests of the corporation and its shareholders, the social,
29 economic, legal, or other effects of any action on the
30 employees, suppliers, or policyholders of the corporation or
31 its subsidiaries, the communities and society in which the

Bill No. CS for SB 182

Amendment No. ____

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

10 Section 4. Subsection (1) of section 628.729, Florida
11 Statutes, is amended to read:

12 628.729 Member's share of assets on voluntary
13 dissolution.--

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

30 Section 5. This act shall take effect upon becoming a
31 law.

Bill No. CS for SB 182

Amendment No. ____

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

2 And the title is amended as follows:

3 Delete everything before the enacting clause

4

5 and insert:

6

 A bill to be entitled

7

 An act relating to stock and mutual insurance

8

 companies; amending s. 628.715, F.S.;

9

 authorizing a mutual insurance holding company

10

 to merge the membership interests of certain

11

 mutual insurance companies into the mutual

12

 insurance holding company under certain

13

 circumstances; authorizing the Department of

14

 Insurance to retain certain consultants for

15

 merger evaluation purposes; requiring certain

16

 companies to pay consultant costs; amending ss.

17

 628.231 and 628.723, F.S.; authorizing

18

 directors of domestic insurers and mutual

19

 insurance holding companies to consider certain

20

 factors while taking corporate action in

21

 discharging their duties; amending s. 628.729,

22

 F.S.; conforming a reference to a qualification

23

 period; providing an effective date.

24

25

26

27

28

29

30

31