

By the Committee on Insurance and Representative Goode

1 A bill to be entitled
 2 An act relating to life and health insurance;
 3 amending s. 284.33, F.S.; authorizing the
 4 Department of Insurance to directly purchase
 5 annuities for certain purposes; providing
 6 criteria and requirements; providing an
 7 exemption from certain competitive bidding
 8 requirements; amending s. 625.121, F.S.;
 9 deleting a requirement relating to calculating
 10 a deficiency reserve; amending s. 626.99, F.S.;
 11 updating a required buyer's guide reference;
 12 creating s. 627.4785, F.S.; authorizing the
 13 department to adopt a certain model regulation
 14 for valuing life insurance policies; amending
 15 s. 627.6487, F.S.; clarifying a definition;
 16 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. Subsection (1) of section 284.33, Florida
 21 Statutes, is amended to read:

22 284.33 Purchase of insurance, reinsurance, and
 23 services.--

24 (1) The Department of Insurance is authorized to
 25 provide insurance, specific excess insurance, and aggregate
 26 excess insurance through the Department of Management
 27 Services, pursuant to the provisions of part I of chapter 287,
 28 as necessary to provide insurance coverages authorized by this
 29 part, consistent with market availability. However, the
 30 department may directly purchase annuities through a
 31 structured settlement insurance consultant selected by the

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

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

27 625.121 Standard Valuation Law; life insurance.--

28 (11) DEFICIENCY RESERVE.--If in any contract year the
29 gross premium charged by any life insurer on any policy or
30 contract is less than the valuation net premium for the policy
31 or contract calculated by the method used in calculating the

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

1 subsection (7), the provisions of subparagraph (7)(a)2. being
2 ignored. The amount of the deficiency reserve, if any, at
3 each policy anniversary of such a policy shall be the excess,
4 if any, of the amount determined by the foregoing provisions
5 of this subsection plus the reserve calculated by the method
6 described in subsection (7), the provisions of subparagraph
7 (7)(a)2. being ignored, over the reserve actually calculated
8 by the method described in subsection (7), the provisions of
9 subparagraph (7)(a)2. being taken into account.

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

12 626.99 Life insurance solicitation.--

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

21 Section 4. Section 627.4785, Florida Statutes, is
22 created to read:

23 627.4785 Valuation of life insurance policies.--The
24 department may adopt by rule the model regulation for
25 valuation of life insurance policies as approved by the
26 National Association of Insurance Commissioners in March 1999,
27 including tables of select mortality factors, and may make the
28 regulation effective January 1, 2000.

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

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1 627.6487 Guaranteed availability of individual health
2 insurance coverage to eligible individuals.--
3 (3) For the purposes of this section, the term
4 "eligible individual" means an individual:
5 (a)1. For whom, as of the date on which the individual
6 seeks coverage under this section, the aggregate of the
7 periods of creditable coverage, as defined in s. 627.6561(5)
8 and (6), is 18 or more months; and
9 2.a. Whose most recent prior creditable coverage was
10 under a group health plan, governmental plan, or church plan,
11 or health insurance coverage offered in connection with any
12 such plan; or
13 b. Whose most recent prior creditable coverage was
14 under an individual plan issued in this state by a health
15 insurer or health maintenance organization, which coverage is
16 terminated due to the insurer or health maintenance
17 organization becoming insolvent or discontinuing the offering
18 of all individual coverage in this ~~the~~ state, or due to the
19 insured no longer living in the service area in this state of
20 the insurer or health maintenance organization that provides
21 coverage through a network plan in this state;
22 (b) Who is not eligible for coverage under:
23 1. A group health plan, as defined in s. 2791 of the
24 Public Health Service Act;
25 2. A conversion policy or contract issued by an
26 authorized insurer or health maintenance organization under s.
27 627.6675 or s. 641.3921, respectively, offered to an
28 individual who is no longer eligible for coverage under either
29 an insured or self-insured employer plan;
30 3. Part A or part B of Title XVIII of the Social
31 Security Act; or

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

4 (c) With respect to whom the most recent coverage
5 within the coverage period described in paragraph (a) was not
6 terminated based on a factor described in s. 627.6571(2)(a) or
7 (b), relating to nonpayment of premiums or fraud, unless such
8 nonpayment of premiums or fraud was due to acts of an employer
9 or person other than the individual;

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

13 (e) Who, if the individual elected such continuation
14 provision, has exhausted such continuation coverage under such
15 provision or program.

16 Section 6. This act shall take effect upon becoming a
17 law.

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