

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 for
5 certain purposes; providing criteria and
6 requirements; providing an exemption from
7 certain competitive bidding requirements;
8 amending s. 625.121, F.S.; deleting a
9 requirement relating to calculating a
10 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 amending ss. 627.901 and 627.902, F.S.;
17 deleting a limitation on a maximum service
18 charge for certain insurance premium balances;
19 revising applicability of certain provisions to
20 certain insurance agents or agencies or
21 insurers or subsidiaries based upon total
22 service charges per year; creating a study
23 commission on the availability of health care
24 coverage for the employee leasing industry;
25 providing an effective date.

26
27 Be It Enacted by the Legislature of the State of Florida:

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

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1 284.33 Purchase of insurance, reinsurance, and
2 services.--

3 (1) The Department of Insurance is authorized to
4 provide insurance, specific excess insurance, and aggregate
5 excess insurance through the Department of Management
6 Services, pursuant to the provisions of part I of chapter 287,
7 as necessary to provide insurance coverages authorized by this
8 part, consistent with market availability. However, the
9 department may directly purchase annuities through a
10 structured settlement insurance consultant selected by the
11 department to assist in settling claims by the Division of
12 Risk Management. Consultant selection shall be accomplished
13 through competitive sealed proposals. The consultant shall act
14 as an agent of record for the department in procuring the best
15 annuity products available to facilitate structured settlement
16 of claims, considering price, insurer financial strength, and
17 the best interest of the state risk management program.
18 Purchase of annuities by the department using a structured
19 settlement method is exempt from competitive sealed bidding or
20 proposal requirements. The Department of Insurance is further
21 authorized to purchase such risk management services,
22 including, but not limited to, risk and claims control; safety
23 management; and legal, investigative, and adjustment services,
24 as may be required and pay claims. The department may contract
25 with a service organization for such services and advance
26 money to such service organization for deposit in a special
27 checking account for paying claims made against the state
28 under the provisions of this part. The special checking
29 account shall be maintained in this state in a bank or savings
30 association organized under the laws of this state or of the
31 United States. The department may replenish such account as

1 often as necessary upon the presentation by the service
2 organization of documentation for payments of claims equal to
3 the amount of the requested reimbursement.

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

6 625.121 Standard Valuation Law; life insurance.--

7 (11) DEFICIENCY RESERVE.--If in any contract year the
8 gross premium charged by any life insurer on any policy or
9 contract is less than the valuation net premium for the policy
10 or contract calculated by the method used in calculating the
11 reserve thereon but using the minimum valuation standards of
12 mortality and rate of interest, there shall be maintained on
13 such policy or contract a deficiency reserve in addition to
14 the reserve defined by subsections (7) and (12). For each
15 such policy or contract, the deficiency reserve shall be the
16 present value, according to the minimum valuation standards of
17 mortality and rate of interest, of the differences between all
18 such valuation net premiums and the corresponding premiums
19 charged for such policy or contract during the remainder of
20 the premium-paying period. ~~As regards renewable term life~~
21 ~~insurance, the policy reserve and foregoing deficiency reserve~~
22 ~~shall be calculated using the current term period only.~~For
23 any category of policies, contracts, or benefits specified in
24 subsections (5) and (6), issued on or after the operative date
25 of s. 627.476 (the Standard Nonforfeiture Law for Life
26 Insurance), the aggregate deficiency reserves may be reduced
27 by the amount, if any, by which the aggregate reserves
28 actually calculated in accordance with subsection (9) exceed
29 the minimum aggregate reserves prescribed by subsection (8).
30 The minimum valuation standards of mortality and rate of
31 interest referred to in this subsection are those standards

1 stated in subsections (5) and (6). However, for any life
2 insurance policy which is issued on or after January 1, 1985,
3 for which the gross premium in the first policy year exceeds
4 that of the second year and for which no comparable additional
5 benefit is provided in the first year for such excess, and
6 which provides an endowment benefit, a cash surrender value,
7 or a combination thereof in an amount greater than such excess
8 premium, the foregoing provisions of this subsection shall be
9 applied as if the method actually used in calculating the
10 reserve for such policy were the method described in
11 subsection (7), the provisions of subparagraph (7)(a)2. being
12 ignored. The amount of the deficiency reserve, if any, at
13 each policy anniversary of such a policy shall be the excess,
14 if any, of the amount determined by the foregoing provisions
15 of this subsection plus the reserve calculated by the method
16 described in subsection (7), the provisions of subparagraph
17 (7)(a)2. being ignored, over the reserve actually calculated
18 by the method described in subsection (7), the provisions of
19 subparagraph (7)(a)2. being taken into account.

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

22 626.99 Life insurance solicitation.--

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

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1 Section 4. Section 627.4785, Florida Statutes, is
2 created to read:

3 627.4785 Valuation of life insurance policies.--The
4 department may adopt by rule the model regulation for
5 valuation of life insurance policies as approved by the
6 National Association of Insurance Commissioners in March 1999,
7 including tables of select mortality factors, and may make the
8 regulation effective January 1, 2000.

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

11 627.6487 Guaranteed availability of individual health
12 insurance coverage to eligible individuals.--

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

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

19 2.a. Whose most recent prior creditable coverage was
20 under a group health plan, governmental plan, or church plan,
21 or health insurance coverage offered in connection with any
22 such plan; or

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

- 1 (b) Who is not eligible for coverage under:
2 1. A group health plan, as defined in s. 2791 of the
3 Public Health Service Act;
4 2. A conversion policy or contract issued by an
5 authorized insurer or health maintenance organization under s.
6 627.6675 or s. 641.3921, respectively, offered to an
7 individual who is no longer eligible for coverage under either
8 an insured or self-insured employer plan;
9 3. Part A or part B of Title XVIII of the Social
10 Security Act; or
11 4. A state plan under Title XIX of such act, or any
12 successor program, and does not have other health insurance
13 coverage;
14 (c) With respect to whom the most recent coverage
15 within the coverage period described in paragraph (a) was not
16 terminated based on a factor described in s. 627.6571(2)(a) or
17 (b), relating to nonpayment of premiums or fraud, unless such
18 nonpayment of premiums or fraud was due to acts of an employer
19 or person other than the individual;
20 (d) Who, having been offered the option of
21 continuation coverage under a COBRA continuation provision or
22 under s. 627.6692, elected such coverage; and
23 (e) Who, if the individual elected such continuation
24 provision, has exhausted such continuation coverage under such
25 provision or program.
26 Section 6. Section 627.901, Florida Statutes, is
27 amended to read:
28 627.901 Premium financing by an insurance agent or
29 agency.--
30 (1) A general lines agent may make reasonable service
31 charges for financing insurance premiums on policies issued or

1 business produced by such an agent or agency, s. 626.9541
2 notwithstanding. The service charge shall not exceed \$1 per
3 installment, or a \$6 total service charge per year, for any
4 premium balance of \$120 or less. For any premium balance
5 greater than \$120 but not more than \$220, the service charge
6 shall not exceed \$9 per year. The maximum service charge ~~of~~
7 ~~\$1 per installment~~ for any premium balance greater than \$220
8 shall not exceed \$12 per year. In lieu of such service
9 charges, an insurance agent or agency may charge a rate of
10 interest not to exceed 18 percent simple interest per year on
11 the unpaid balance.

12 (2) Every such agent or agency engaging in premium
13 financing whose total service charge per year or rate of
14 interest is more than as provided in subsection (1) shall be
15 subject to part XV of this chapter.

16 Section 7. Section 627.902, Florida Statutes, is
17 amended to read:

18 627.902 Premium financing by an insurer or
19 subsidiary.--An insurer, a subsidiary of an insurer, or a
20 corporation under substantially the same management or control
21 as an authorized insurer or group of authorized insurers may
22 finance property, casualty, surety, and marine insurance
23 premiums on policies issued or business produced by such
24 insurer or insurers; however, any such insurer, subsidiary, or
25 corporation or group of insurers the total service charge per
26 year or rate of interest of which is substantially more than
27 that provided in s. 627.901 shall be subject to part XV of
28 this chapter.

29 Section 8. There is created the Commission for Health
30 Care for the Employee Leasing Industry. The purpose of the
31 commission is to study the availability and affordability of

1 health care and the delivery methods for providing health
2 care. The study shall include, but is not limited to, health
3 care provided by standard carriers, partial self-insurance,
4 self-insurance under Pub. L. No. 93-406, the Employee
5 Retirement Income Security Act as amended, association
6 self-insurance trusts, and the cost and value of those
7 delivery methods.

8 (1) The commission shall submit a report on the
9 results of the study to both Houses of the Legislature and the
10 Governor by January 1, 2001.

11 (2) The commission shall be created with the following
12 membership: two members of the Senate appointed by the Senate
13 President; two members of the House of Representatives
14 appointed by the Speaker of the House of Representatives;
15 three members of industry regulated and licensed under
16 sections 468.520-468.535, Florida Statutes, appointed by the
17 President of the Senate; three members of industry regulated
18 and licensed under sections 468.520-468.535, Florida Statutes,
19 appointed by the Speaker of the House of Representatives; the
20 Treasurer or his designee; and the Secretary of Business and
21 Professional Regulation or his designee. The members of the
22 industry appointed to serve on the commission shall serve
23 without pay or travel reimbursement.

24 (3) All meetings of the commission shall be held at
25 the Capitol. Meetings shall be called by the chairperson, who
26 shall be selected by vote of the Senate and House of
27 Representative members of the commission. Staff support shall
28 be provided by the Senate Committee on Banking and Insurance
29 and the House of Representatives Committee on Insurance.

30 Section 9. This act shall take effect upon becoming a
31 law.