

By the Committee on Banking and Insurance; and Senator Grant

311-1654-00

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A bill to be entitled
An act relating to industrial insured captive
insurers; amending s. 628.903, F.S.; specifying
requirements for industrial insureds of an
industrial insured captive insurer; providing
an additional requirement for industrial
insured captive insurers; providing an
effective date.

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

Section 1. Section 628.903, Florida Statutes, is
amended to read:

628.903 "Industrial insured captive insurer"
defined.--For purposes of this part:

- (1) An "industrial insured" means an insured which:
 - (a) Has gross assets in excess of \$50 million;
 - (b) Procures insurance through the use of a full-time employee of the insured who acts as an insurance manager or buyer or through the services of a person licensed as a property and casualty insurance agent, broker, or consultant in such person's state of domicile;
 - (c) Has at least 100 full-time employees; and
 - (d) Pays annual premiums of at least \$200,000 for each line of insurance purchased from the industrial insured captive insurer or at least \$75,000, with respect to any line of coverage excess of at least \$25 million in the annual aggregate. The purchase of umbrella or general liability coverage excess of \$25 million in the annual aggregate shall be deemed to be the purchase of a single line of insurance.

1 (2) An "industrial insured captive insurer" is a
2 captive insurer that:

3 (a) Has as its stockholders or members only industrial
4 insureds that are reinsured pursuant to subparagraph (b)2. or
5 insured by the industrial insured captive insurer, or has as
6 its sole stockholder a corporation, which corporation's sole
7 stockholders are industrial insureds that are reinsured
8 pursuant to subparagraph (b)2. or insured by the industrial
9 insured captive insurer; ~~and~~

10 (b)1. Provides insurance only to the industrial
11 insureds that are its stockholders or members, and affiliates
12 thereof, or to the stockholders, and affiliates thereof, of
13 its parent corporation; or

14 2. Provides reinsurance to insurers only on risks
15 written by such insurers for the industrial insureds who are
16 the stockholders or members, and affiliates thereof, of the
17 industrial insured captive insurer, or the stockholders, and
18 affiliates thereof, of the parent corporation of the
19 industrial insured captive insurer; and

20 (c) Maintains unimpaired capital and surplus of at
21 least \$20 million.

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23 For the purposes of this paragraph, the term "affiliate" means
24 a person that directly, or indirectly through one or more
25 intermediaries, controls, is controlled by, or is under common
26 control with one or more of the stockholders or members of the
27 industrial insured captive insurer or one or more of the
28 stockholders of the parent corporation of the industrial
29 insured captive insurer.

30 (3) Each industrial insured of an industrial insured
31 captive insurer licensed in this state prior to December 31,

1 1999, or any subsidiary formed by the licensed insurer after
2 December 31, 1999, shall have:

3 (a) Gross assets in excess of \$10 million and procure
4 insurance through the use of a full-time employee of the
5 insured who acts as an insurance manager or buyer or through
6 the services of a person licensed as a property and casualty
7 insurance agent, broker, or consultant in such person's state
8 of domicile.

9 (b) At least 25 full-time employees.

10 (c) Annual aggregate premiums for all insurance risks
11 that total at least \$100,000.

12 Section 2. This act shall take effect upon becoming a
13 law.

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15 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
16 COMMITTEE SUBSTITUTE FOR
17 Senate Bill 930

18 The committee substitute imposes an unimpaired capital and
19 surplus requirement of at least \$20 million on industrial
20 insured captive insurers, rather than providing that such
21 surplus is an alternative to the requirement that an insurer
22 provide insurance only to the industrial insureds that are its
23 stockholders or members and affiliates of its parent
24 corporation, or provide reinsurance to insurers on risks for
25 such affiliated persons.
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