

By Senator Horne

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A bill to be entitled
An act relating to mortgage guaranty insurance;
amending ss. 624.408, 635.042, F.S.; revising
minimum surplus requirements for mortgage
guaranty insurers; revising limits on total
liability and exposure to losses for such
insurers; requiring mortgage guaranty insurers
to include certain information in audited
financial reports required pursuant to s.
624.424(8); authorizing the Department of
Insurance to take certain actions against a
mortgage guaranty insurer that is not in
compliance; providing an effective date.

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

Section 1. Section 624.408, Florida Statutes, is
amended to read:

624.408 Surplus as to policyholders required; new and
existing insurers.--

(1)(a) To maintain a certificate of authority to
transact any one kind or combinations of kinds of insurance,
as defined in part V of this chapter, an insurer in this state
shall at all times maintain surplus as to policyholders not
less than the greater of:

1. Except as provided in subparagraph 5. and paragraph
(b), \$1.5 million;

2. For life insurers, 4 percent of the insurer's total
liabilities;

1 3. For life and health insurers, 4 percent of the
2 insurer's total liabilities plus 6 percent of the insurer's
3 liabilities relative to health insurance; or

4 4. For all insurers other than mortgage guaranty
5 insurers, life insurers, and life and health insurers, 10
6 percent of the insurer's total liabilities.

7 5. For property and casualty insurers, \$4 million.

8 (b) For any property and casualty insurer holding a
9 certificate of authority on December 1, 1993, the following
10 amounts apply instead of the \$4 million required by
11 subparagraph (a)5.:

12 1. On December 31, 1998, and until December 30, 1999,
13 \$2.25 million.

14 2. On December 31, 1999, and until December 30, 2000,
15 \$2.5 million.

16 3. On December 31, 2000, and until December 30, 2001,
17 \$2.75 million.

18 4. On December 31, 2001, and until December 30, 2002,
19 \$3 million.

20 5. On December 31, 2002, and until December 30, 2003,
21 \$3.25 million.

22 6. On December 31, 2003, and until December 30, 2004,
23 \$3.6 million.

24 7. On December 31, 2004, and thereafter, \$4 million.

25 (2) For purposes of this section, liabilities shall
26 not include liabilities required under s. 625.041(4). For
27 purposes of computing minimum surplus as to policyholders
28 pursuant to s. 625.305(1), liabilities shall include
29 liabilities required under s. 625.041(4).

30 (3) No insurer shall be required under this section to
31 have surplus as to policyholders greater than \$100 million.

1 (4) A mortgage guaranty insurer shall maintain a
2 minimum surplus as required by s. 635.042.

3 Section 2. Section 635.042, Florida Statutes, is
4 amended to read:

5 635.042 Minimum surplus requirement ~~Limitation on~~
6 ~~outstanding liability.--~~

7 (1) A mortgage guaranty insurer shall maintain a
8 minimum surplus of not less than the greater of \$4 million or
9 10 percent of the insurer's total outstanding liabilities
10 other than the required contingency reserve. A mortgage
11 guaranty insurer is not required to have a surplus as to
12 policyholders greater than \$100 million.

13 (2) A mortgage guaranty insurer must possess
14 sufficient capital and surplus so that the total outstanding
15 aggregate exposure net of reinsurance under mortgage guaranty
16 policies written by the insurer does not exceed 25 times its
17 paid-in capital, surplus, and contingency reserve combined. A
18 mortgage guaranty insurer shall disclose in the audited
19 financial reports required under s. 624.424(8), the total
20 aggregate exposure net of reinsurance under mortgage guaranty
21 policies written by the insurer.

22 (3) If a mortgage guaranty insurer is not in
23 compliance with this section, the department may take any
24 action against the insurer that the department may take
25 against an insurer that is not in compliance with s. 624.408.
26 ~~No mortgage guaranty insurer may at any time have outstanding~~
27 ~~a total liability net of reinsurance, under its aggregate~~
28 ~~mortgage guaranty insurance policies, exceeding 25 times its~~
29 ~~paid-in capital, surplus, and contingency reserve combined.~~

30 Section 3. This act shall take effect July 1, 2001.

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SENATE SUMMARY

Revises the minimum surplus requirement for mortgage guaranty insurers by providing that the insurer's contingency reserve would not be considered as a liability for purposes of requiring surplus to be 10 percent of liabilities. Requires mortgage guaranty insurers to have sufficient capital and surplus so that the total outstanding exposure of their written policies does not exceed 25 times their paid-in-capital, surplus, and contingency reserve combined. Requires mortgage guaranty insurers to file their outstanding exposure in their audited financial report. Authorizes the Department of Insurance to take administrative action against a mortgage guaranty insurer if the insurer is not in compliance with these requirements.