



HB 0235

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1 A bill to be entitled

2 An act relating to mutual insurance holding companies;  
3 amending s. 628.703, F.S.; providing a definition;  
4 amending s. 628.709, F.S.; revising membership criteria of  
5 mutual insurance holding companies; amending ss. 628.729,  
6 628.730, and 628.733, F.S.; specifying basis of  
7 distributive shares and corporate equity of members under  
8 certain circumstances; providing an effective date.

9  
10 Be It Enacted by the Legislature of the State of Florida:

11  
12 Section 1. Subsection (4) is added to section 628.703,  
13 Florida Statutes, to read:

14 628.703 Definitions.--For purposes of this part:

15 (4) "Paid premiums" means all premiums paid for insurance  
16 by a member of a mutual insurance holding company to a  
17 subsidiary insurance company.

18 Section 2. Subsection (2) of section 628.709, Florida  
19 Statutes, is amended to read:

20 628.709 Formation of a mutual insurance holding company.--

21 (2) All of the initial shares of the capital stock of the  
22 insurance company which reorganized as a subsidiary insurance  
23 company shall be issued either to the mutual insurance holding  
24 company, or to an intermediate holding company which is wholly  
25 owned by the mutual insurance holding company. This restriction  
26 does not preclude the subsequent issuance of additional shares  
27 of stock by the subsidiary insurance company so long as the  
28 mutual insurance holding company at all times owns directly or  
29 through one or more intermediate holding companies, a majority  
30 of the voting shares of the capital stock of the subsidiary



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31 insurance company. The membership interests of the policyholders  
 32 of the subsidiary insurance company shall become membership  
 33 interests in the mutual insurance holding company. Policyholders  
 34 of the subsidiary insurance company which was formerly the  
 35 mutual insurer shall be members of the mutual insurance holding  
 36 company in accordance with the articles of incorporation and  
 37 bylaws of the mutual insurance holding company. At the time of  
 38 formation, policyholders of any other subsidiary insurance  
 39 company of the mutual insurance holding company shall not be  
 40 members of the mutual insurance holding company unless they are  
 41 policyholders of a subsidiary which was a mutual insurer which  
 42 merged with the holding company pursuant to s. 628.715.  
 43 Subsequent to formation, membership shall be governed by s.  
 44 628.727.

45 Section 3. Subsection (2) of section 628.729, Florida  
 46 Statutes, is amended to read:

47 628.729 Member's share of assets on voluntary  
 48 dissolution.--

49 (1) Upon any voluntary dissolution of a domestic mutual  
 50 insurance holding company, its assets remaining after discharge  
 51 of its indebtedness, if any, and expenses of administration,  
 52 shall be distributed to existing persons who were its members at  
 53 any time within the 3-year period preceding the date such  
 54 liquidation was authorized or ordered, or date of last  
 55 termination of the insurer's certificate of authority, whichever  
 56 date is earlier; except, if the department has reason to believe  
 57 that those in charge of the management of the mutual insurance  
 58 holding company have caused or encouraged the reduction of the  
 59 number of members of the insurer in anticipation of liquidation  
 60 and for the purpose of reducing thereby the number of persons



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61 who may be entitled to share in distribution of the insurer's  
62 assets, the department may enlarge the 3-year qualification  
63 period by such additional time as the department may deem to be  
64 reasonable.

65 (2) The distributive share of each such member shall be  
66 ~~determined by a formula~~ based upon the ratio that the total  
67 amount of paid premiums paid by such member for policies of  
68 insurance during the 3-year period or part of such period  
69 specified in subsection (1) during which such recipient was a  
70 member bears to the total amount of paid premiums paid by all  
71 members entitled to receive a distributive share as a result of  
72 such dissolution during such entire 3-year period and upon such  
73 reasonable classifications of members as the department may  
74 approve.

75 Section 4. Subsection (2) of section 628.730, Florida  
76 Statutes, is amended to read:

77 628.730 Merger with intermediate holding company.--

78 (2) The distributive share of each such member shall be  
79 ~~determined by a formula~~ based upon the ratio that the total  
80 amount of paid premiums paid by such member for policies of  
81 insurance during the 3-year period or part of such period  
82 preceding the date of such merger during which such recipient  
83 was a member bears to the total amount of paid premiums paid by  
84 all members entitled to receive a distributive share as a result  
85 of such merger during such entire 3-year period and upon such  
86 reasonable classifications of members as the department may  
87 approve.

88 Section 5. Paragraph (b) of subsection (2) of section  
89 628.733, Florida Statutes, is amended to read:

90 628.733 Converting mutual insurance holding company.--



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91 (2) The department shall not approve any such plan and  
 92 procedure unless:

93 (b) The corporate equity of each member shall be based  
 94 upon the ratio that the total amount of paid premiums paid by  
 95 such member for policies of insurance during the 3-year period  
 96 or part of such period specified in paragraph (c) during which  
 97 such recipient was a member bears to the total amount of paid  
 98 premiums paid by all members entitled to receive equity as a  
 99 result of such conversion during such entire 3-year period and  
 100 upon such reasonable classifications of members as the  
 101 department may approve. Such ~~is determinable under a fair~~  
 102 ~~formula approved by the department, which~~ equity shall be based  
 103 upon not more than the company's net assets.

104 (c) The persons entitled to participate in the  
 105 distribution of stock shall include all current members and all  
 106 existing persons who had been members within 3 years prior to  
 107 the date such plan was submitted to the department.

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