

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative Rivera offered the following:

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3 **Amendment (with title amendment)**

4 On page 37, between lines 29 and 30 insert:

5 Section 20. Effective upon this act becoming a law,
6 subsections (3), (4), and (5) are added to section 627.404,
7 Florida Statutes, to read:

8 627.404 Insurable interest; personal insurance.--

9 (3) Any trust, partnership, limited liability company, or
10 similar entity that is approved in writing either by a public or
11 private university in this state that receives state funds and
12 meets the requirements of s. 501(c)(3) of the Internal Revenue
13 Code of 1986, as amended, or a public or private university in
14 Florida that receives state funds to which a charitable
15 contribution could be made under s.170(c)(1), (2) or (3) of the
16 Internal Revenue Code of 1986, as amended, may own or purchase

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17 life insurance on an insured who consents in writing to the
18 ownership or purchase of that insurance, subject to the
19 following:

20 (a) The approved trust, partnership, limited liability
21 company, or similar entity must be, in part, formed for the
22 purpose of generating funds for one or more approving public or
23 private universities in this state that receive state funds.

24 (b) The approved trust, partnership, limited liability
25 company, or similar entity may procure or cause to be procured a
26 combination of life insurance policies and annuity contracts on
27 the life of consenting individual insureds. Payments under the
28 annuity contracts shall be reasonably anticipated to fund the
29 premiums on the life insurance policies for the second and
30 succeeding years.

31 (c) At least 99 percent of all funds used by the approved
32 trust, partnership, limited liability company, or similar entity
33 to procure the life insurance policies and annuity contracts
34 must be from qualified institutional buyers as defined by Rule
35 144A of the Federal Securities Act of 1933 or proceeds from
36 annuity contracts or other insurance policies procured with the
37 funds invested by qualified institutional buyers, and interest
38 income thereon.

39 (d) The investment in the approved trust, partnership,
40 limited liability company, or similar entity by qualified
41 institutional buyers shall be pursuant to a non-public offering
42 or a public offering through a registered broker or dealer under
43 the Securities Exchange Act of 1934.

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44 (e) No qualified institutional buyer may procure or hold
45 any direct interest in the life insurance policies or the
46 annuity contracts, or the benefits from such policies or
47 contracts, except as part of a secured transaction, subject to
48 chapter 517 or to federal securities laws.

49 (f) The public or private university in this state that
50 receives state funds as designated by the individual insured
51 must, at the time of the acquisition of the life insurance
52 policies by the approved trust, partnership, limited liability
53 company, or similar entity, reasonably anticipate receiving the
54 death benefit proceeds of each life insurance policy on such
55 individual insured after the return of the amount invested and
56 yield accrued and payable to the qualified institutional buyers
57 in accordance with the securities offering or other disclosure
58 materials. The reasonably anticipated minimum percentage or
59 amount of the death benefit proceeds of the life insurance
60 policies to be ultimately received by the designated
61 organization must be disclosed in the relevant securities
62 offering or other disclosure materials used in any offering.

63 (g) The individual insured and each designated public or
64 private university in this state that receives state funds must
65 be informed prior to the ownership or purchase of life insurance
66 on the individual insured by the approved trust, partnership,
67 limited liability company, or similar entity, of the minimum
68 percentage or amount of the proceeds of the life insurance
69 policy that is reasonably anticipated to be ultimately paid to
70 the designated organization.

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71 (h) The individual insured must provide an affidavit
72 stating that neither the individual insured, any relative of the
73 individual insured as defined in s. 112.312(21), nor any entity
74 controlled by the individual insured or relative, other than a
75 public or private university in this state that receives state
76 funds, received any monetary remuneration in consideration for
77 the individual insured's consent to purchase the life insurance
78 policy, except third-party expenses incurred in connection with
79 the grant of such consent.

80 (4) Transactions involving the procurement or funding of
81 the procurement of a life insurance policy or annuity contract
82 pursuant to subsection (3) are prohibited without the prior
83 approval of the Department of Financial Services in consultation
84 with the Office of Financial Regulation and Office of Insurance
85 Regulation which approval shall only be provided upon a
86 determination that the planned transaction meets the
87 requirements of subsection (3), is fiscally prudent and is
88 determined to be in the best interest of the citizens of this
89 state. Upon approval, a trust, partnership, limited liability
90 company, or similar entity that meets the requirements of
91 subsection (3) has an insurable interest in the life of the
92 individual insured.

93 (5) With respect to the designated trust, partnership,
94 limited liability company, or similar entity described in
95 subsection (3), except in the case of a material default of, or
96 commencement of a delinquency proceeding against, the life
97 insurer or annuity company, or the life insurer or annuity

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98 company exercising its right to contest the life insurance
99 policy or annuity contract:

100 (a) The life insurance policies procured or caused to be
101 procured by such entity may not be assigned or transferred by
102 such entity;

103 (b) The ownership or beneficiary designation in favor of
104 such entity of the life insurance policies procured or caused to
105 be procured by such entity may not be changed; or

106 (c) A policy loan under the life insurance policies
107 procured or caused to be procured by such entity may not be
108 taken out by such entity;

109
110 unless such entity applies for and obtains a license pursuant to
111 the provisions of s. 626.9912 prior to such transfer or
112 assignment of ownership, change in beneficiary, or policy loan.
113 All transactions under s. 626.9912 are subject to chapter 571.

114
115 ===== T I T L E A M E N D M E N T =====

116 On page 3, between line 10 and 11, insert:
117 amending s. 627.404, F.S.; authorizing certain entities to own
118 or purchase life insurance on an insured under certain
119 circumstances; providing requirements; providing limitations;