

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

.
.
.

1 Representative Rivera offered the following:

2
3 **Amendment (with title amendment)**

4 On page 37, between line(s) 29 and 30,
5 insert:

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

9 627.404 Insurable interest; personal insurance.--

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

981851

Amendment No. (for drafter's use only)

17 Internal Revenue Code of 1986, as amended, may own or purchase
18 life insurance on an insured who consents in writing to the
19 ownership or purchase of that insurance, subject to the
20 following:

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

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

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

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

981851

Amendment No. (for drafter's use only)

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

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

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

981851

Amendment No. (for drafter's use only)

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

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

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

981851

Amendment No. (for drafter's use only)

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

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

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

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

unless such entity applies for and obtains a license pursuant to the provisions of s. 626.9912 prior to such transfer or assignment of ownership, change in beneficiary, or policy loan. All transactions under s. 626.9912 are subject to chapter 517.

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

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