

By the Committee on Banking and Insurance; and Senator Diaz de la Portilla

311-2124-04

1 A bill to be entitled
2 An act relating to insurance guaranty
3 associations; amending s. 631.54, F.S.;
4 redefining the term "covered claim" for
5 purposes of the Florida Insurance Guaranty
6 Association to exclude certain claims
7 disallowed in the insured's state of residence;
8 amending s. 631.904, F.S.; redefining the term
9 "covered claim" for purposes of the Florida
10 Workers' Compensation Insurance Guaranty
11 Association to exclude certain claims
12 disallowed in the insured's state of residence;
13 providing an effective date.

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

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17 Section 1. Subsection (3) of section 631.54, Florida
18 Statutes, is amended to read:

19 631.54 Definitions.--As used in this part:

20 (3) "Covered claim" means an unpaid claim, including
21 one of unearned premiums, which arises out of, and is within
22 the coverage, and not in excess of, the applicable limits of
23 an insurance policy to which this part applies, issued by an
24 insurer, if such insurer becomes an insolvent insurer ~~after~~
25 ~~October 1, 1970~~, and the claimant or insured is a resident of
26 this state at the time of the insured event or the property
27 from which the claim arises is permanently located in this
28 state. "Covered claim" shall not include:

29 (a) Any amount due any reinsurer, insurer, insurance
30 pool, or underwriting association, sought directly or

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1 indirectly through a third-party as subrogation, contribution,
2 indemnification, or otherwise; or.

3 (b) Any claim that would otherwise be a "covered
4 claim" that has been rejected by any other state guaranty fund
5 on the grounds that an insured's net worth is greater than
6 that allowed under that state's guaranty fund or liquidation
7 law.

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9 Member insurers shall have no right of subrogation,
10 contribution, indemnification, or otherwise, sought directly
11 or indirectly through a third-party, against the insured of
12 any insolvent member.

13 Section 2. Subsection (2) of section 631.904, Florida
14 Statutes, is amended to read:

15 631.904 Definitions.--As used in this part, the term:

16 (2) "Covered claim" means an unpaid claim, including a
17 claim for return of unearned premiums, which arises out of, is
18 within the coverage of, and is not in excess of the applicable
19 limits of, an insurance policy to which this part applies,
20 which policy was issued by an insurer and which claim is made
21 on behalf of a claimant or insured who was a resident of this
22 state at the time of the injury. The term "covered claim" does
23 not include any amount sought as a return of premium under any
24 retrospective rating plan; any amount due any reinsurer,
25 insurer, insurance pool, or underwriting association, as
26 subrogation recoveries or otherwise; any claim that would
27 otherwise be a "covered claim" that has been rejected by any
28 other state guaranty fund on the grounds that an insured's net
29 worth is greater than that allowed under that state's guaranty
30 fund or liquidation law; or any return of premium resulting
31 from a policy that was not in force on the date of the final

1 order of liquidation. Member insurers have no right of
2 subrogation against the insured of any insolvent insurer. This
3 provision shall be applied retroactively to cover claims of an
4 insolvent self-insurance fund resulting from accidents or
5 losses incurred prior to January 1, 1994, regardless of the
6 date the petition in circuit court was filed alleging
7 insolvency and the date the court entered an order appointing
8 a receiver.

9 Section 3. This act shall take effect upon becoming a
10 law.

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12 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
13 COMMITTEE SUBSTITUTE FOR
14 Senate Bill 2070

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16 Provides that a "covered claim" for purposes of the Florida
17 Insurance Guaranty Association and the Florida Workers'
18 Compensation Insurance Guaranty Association does not include
19 any claim that has been rejected by any other state guaranty
20 fund on the grounds that an insured's net worth is greater
21 than that allowed under that state's guaranty fund or
22 liquidation law.

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