

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative Rivera offered the following:

3 On page 209, between lines 5 and 6 insert:

4 Section 167. Effective upon this act becoming a law,
5 subsections (3), (4), and (5) are added to section 627.404,
6 Florida Statutes, to read:

7 627.404 Insurable interest; personal insurance.--

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

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17 ownership or purchase of that insurance, subject to the
18 following:

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

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

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

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

43 (e) No qualified institutional buyer may procure or hold
44 any direct interest in the life insurance policies or the

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45 annuity contracts, or the benefits from such policies or
46 contracts, except as part of a secured transaction, subject to
47 chapter 517 or to federal securities laws.

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

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

70 (h) The individual insured must provide an affidavit
71 stating that neither the individual insured, any relative of the
72 individual insured as defined in s. 112.312(21), nor any entity

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73 controlled by the individual insured or relative, other than a
74 public or private university in this state that receives state
75 funds, received any monetary remuneration in consideration for
76 the individual insured's consent to purchase the life insurance
77 policy, except third-party expenses incurred in connection with
78 the grant of such consent.

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

92 (5) With respect to the designated trust, partnership,
93 limited liability company, or similar entity described in
94 subsection (3), except in the case of a material default of, or
95 commencement of a delinquency proceeding against, the life
96 insurer or annuity company, or the life insurer or annuity
97 company exercising its right to contest the life insurance
98 policy or annuity contract:

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

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

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

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

113
114 ===== T I T L E A M E N D M E N T =====

115 On page 16, line 1, after the semicolon insert:
116 amending s. 627.404, F.S.; authorizing certain entities to own
117 or purchase life insurance on an insured under certain
118 circumstances; providing requirements; providing limitations;