

CHAMBER ACTION

1 The Committee on Insurance recommends the following:

2
3 **Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to insurance guaranty associations;
7 amending ss. 631.54 and 631.904, F.S.; revising the
8 definition of covered claim; excluding certain claims
9 rejected by another state's guaranty fund under certain
10 circumstances; denying member insurers any right to
11 indemnification or contribution sought through third
12 parties; providing an effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

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

18 631.54 Definitions.--As used in this part:

19 (3) "Covered claim" means an unpaid claim, including one
20 of unearned premiums, which arises out of, and is within the
21 coverage, and not in excess of, the applicable limits of an
22 insurance policy to which this part applies, issued by an
23 insurer, if such insurer becomes an insolvent insurer ~~after~~

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24 | ~~October 1, 1970,~~ and the claimant or insured is a resident of
 25 | this state at the time of the insured event or the property from
 26 | which the claim arises is permanently located in this state.

27 | "Covered claim" shall not include:

28 | (a) Any amount due any reinsurer, insurer, insurance pool,
 29 | or underwriting association, sought directly or indirectly
 30 | through a third party, as subrogation, contribution,
 31 | indemnification, or otherwise; or

32 | (b) Any claim that would otherwise be a covered claim
 33 | under this part that has been rejected by any other state
 34 | guaranty fund on the grounds that an insured's net worth is
 35 | greater than that allowed under that state's guaranty law.

36 | Member insurers shall have no right of subrogation,
 37 | contribution, indemnification, or otherwise, sought directly or
 38 | indirectly through a third party, against the insured of any
 39 | insolvent member.

40 | Section 2. Subsection (2) of section 631.904, Florida
 41 | Statutes, is amended to read:

42 | 631.904 Definitions.--As used in this part, the term:

43 | (2) "Covered claim" means an unpaid claim, including a
 44 | claim for return of unearned premiums, which arises out of, is
 45 | within the coverage of, and is not in excess of the applicable
 46 | limits of, an insurance policy to which this part applies, which
 47 | policy was issued by an insurer and which claim is made on
 48 | behalf of a claimant or insured who was a resident of this state
 49 | at the time of the injury. The term "covered claim" does not
 50 | include any amount sought as a return of premium under any
 51 | retrospective rating plan; any amount due any reinsurer,

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52 | insurer, insurance pool, or underwriting association, as
53 | subrogation recoveries or otherwise; any claim that would
54 | otherwise be a covered claim that has been rejected by any other
55 | state guaranty fund on the grounds that the insured's net worth
56 | is greater than that allowed under that state's guaranty fund or
57 | liquidation law; or any return of premium resulting from a
58 | policy that was not in force on the date of the final order of
59 | liquidation. Member insurers have no right of subrogation
60 | against the insured of any insolvent insurer. This provision
61 | shall be applied retroactively to cover claims of an insolvent
62 | self-insurance fund resulting from accidents or losses incurred
63 | prior to January 1, 1994, regardless of the date the petition in
64 | circuit court was filed alleging insolvency and the date the
65 | court entered an order appointing a receiver.

66 | Section 3. This act shall take effect upon becoming a law.