

1 A bill to be entitled

2 An act relating to insurance; creating s. 624.1275, F.S.;  
3 proscribing state agencies and political subdivisions from  
4 prohibiting or excluding licensed insurance agents from  
5 competing or negotiating for certain insurance products or  
6 plans; providing a definition; amending s. 636.044, F.S.;  
7 authorizing certain persons to engage in the solicitation  
8 and sale of certain insurance relating to air ambulance  
9 transportation costs; providing requirements and  
10 limitations; amending s. 943.135, F.S.; authorizing  
11 certain employing agencies to require law enforcement  
12 officers and correctional officers to pass certain  
13 physical examinations for certain purposes; providing  
14 criteria, requirements, and limitations; authorizing  
15 certain employing agencies to set tobacco use standards  
16 for law enforcement officers and correctional officers  
17 employed by local governments; amending s. 631.181, F.S.;  
18 providing an exception to certain requirements for a  
19 signed statement for certain claims; providing  
20 requirements; creating s. 631.1915, F.S.; providing  
21 requirements for policyholder collateral, deductible  
22 reimbursements, and other policyholder obligations;  
23 specifying that certain collateral held by an insurer or a  
24 receiver to secure policyholder obligations under a  
25 deductible agreement are not an estate asset; requiring  
26 use of such collateral to secure policyholder obligations  
27 under such agreement; requiring a receiver to use such  
28 collateral to pay noncovered claims under certain

Page 1 of 22

29 | circumstances; providing for certain claims to be claims  
30 | against an insurer's estate under certain circumstances;  
31 | requiring a receiver to allocate collateral among certain  
32 | obligations and administer such collateral; authorizing a  
33 | receiver to continue and enforce certain alternative  
34 | policyholder claim funding contractual agreements;  
35 | specifying certain actions as a bar to certain claims and  
36 | an extinguishment of certain obligations; requiring a  
37 | guaranty association to bill a policyholder for certain  
38 | reimbursement amounts for certain claims; specifying  
39 | policyholder obligation for certain amounts; prohibiting  
40 | certain defenses; requiring a receiver to use certain  
41 | collateral for certain purposes; requiring a receiver to  
42 | prorate certain funds of an estate under certain  
43 | circumstances; authorizing a guaranty association to  
44 | deduct certain expenses; requiring a guaranty association  
45 | to provide a complete accounting of certain billing and  
46 | collection activities; authorizing a guaranty association  
47 | to contract for certain collections; providing for claims  
48 | against an insolvent insurer's estate for certain  
49 | unreimbursed claims payments; requiring a receiver to  
50 | periodically adjust collateral held pursuant to a  
51 | deductible agreement; specifying jurisdiction of a state  
52 | court to resolve disputes; preserving rights of a guaranty  
53 | association to reimbursement for certain claims; providing  
54 | application to certain orders of liquidation; providing  
55 | definitions; providing for nonapplication to certain  
56 | claims; amending s. 631.54, F.S.; revising a definition;

57 | amending s. 631.56, F.S.; revising the membership of the  
58 | board of directors of the Florida Insurance Guaranty  
59 | Association, Inc.; amending s. 631.57, F.S.; revising  
60 | requirements and limitations for obligations of the  
61 | association for covered claims; authorizing the  
62 | association to contract with counties and municipalities  
63 | to issue revenue bonds for certain purposes; creating s.  
64 | 631.695, F.S.; providing legislative findings and  
65 | purposes; providing for issuance of revenue bonds through  
66 | counties and municipalities to fund assistance programs  
67 | for paying covered claims for hurricane damage; providing  
68 | procedures, requirements, and limitations for counties,  
69 | municipalities, and the Florida Insurance Guaranty  
70 | Association, Inc., relating to issuance and validation of  
71 | such bonds; providing for payments on and retirement of  
72 | such bonds from certain assessments; prohibiting pledging  
73 | the funds, credit, property, and taxing power of the  
74 | state, counties, and municipalities for payment of bonds;  
75 | specifying authorized uses of bond proceeds; limiting the  
76 | term of bonds; specifying a state covenant to protect  
77 | bondholders from adverse actions relating to such bonds;  
78 | specifying exemptions for bonds, notes, and other  
79 | obligations of counties and municipalities from certain  
80 | taxes or assessments on property and revenues; authorizing  
81 | counties and municipalities to create a legal entity to  
82 | exercise certain powers; requiring the association to  
83 | issue an annual report on the status of certain uses of  
84 | bond proceeds; providing report requirements; requiring

85 the association to provide a copy of the report to the  
 86 Legislature and Chief Financial Officer; prohibiting  
 87 repeal of certain provisions relating to certain bonds  
 88 under certain circumstances; providing severability;  
 89 providing an effective date.

90

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

92

93 Section 1. Section 624.1275, Florida Statutes, is created  
 94 to read:

95 624.1275 Insurance agents; prohibited exclusion from  
 96 public bidding and negotiations.--A licensed insurance agent may  
 97 not be prohibited or excluded from competing or negotiating for  
 98 any insurance product or plan purchased, provided, or endorsed  
 99 by a state agency or any political subdivision of this state on  
 100 the basis of the compensation or contractual or employment  
 101 arrangement granted to the agent by an employer, insurer, or  
 102 licensed agency. The term "political subdivision" has the same  
 103 meaning set forth in s. 1.01.

104 Section 2. Subsection (5) is added to section 636.044,  
 105 Florida Statutes, to read:

106 636.044 Agent licensing.--

107 (5) Notwithstanding the provisions of this section, a  
 108 person registered in accordance with part XI of chapter 559 as a  
 109 seller of travel may engage in the solicitation and sale of  
 110 insurance covering the cost of transportation by air ambulance,  
 111 as defined in s. 401.23(4), that is provided by an air ambulance  
 112 service licensed pursuant to s. 401.251. The insurance policy

113 providing this coverage is subject to all applicable provisions  
114 of this chapter. A seller of travel may solicit and sell such  
115 insurance only in connection with the sale of transportation  
116 tickets. No such policy shall be in effect for a duration of  
117 more than 48 hours or for the duration of a specified one-way or  
118 round-trip travel event.

119 Section 3. Subsections (5) and (6) are added to section  
120 943.135, Florida Statutes, to read:

121 943.135 Requirements for continued employment.--

122 (5) An employing agency as defined in s. 943.10(4) may  
123 require a law enforcement officer and correctional officer as  
124 defined in s. 943.10(1), (2), or (3) to successfully pass a  
125 physical examination in order to be eligible for the presumption  
126 set forth in s. 112.18. The employing agency shall have the  
127 physical examination performed prior to or immediately upon  
128 employment of the officer. This provision shall not affect the  
129 applicability of the presumption set forth in s. 112.18 for law  
130 enforcement officers or correctional officers who are currently  
131 employed by an employing agency.

132 (6) An employing agency as defined in s. 943.10(4) may set  
133 tobacco use standards for law enforcement officers and  
134 correctional officers as defined in s. 943.10(1), (2), or (3)  
135 employed by a municipality, county, or political subdivision of  
136 the state or any agent of the political subdivision who has  
137 constitutional authority or statutory authority to employ or  
138 appoint an officer.

139 Section 4. Paragraph (f) is added to subsection (2) of  
140 section 631.181, Florida Statutes, to read:

141 |           631.181 Filing and proof of claim.--

142 |           (2)

143 |           (f) The signed statement required by this section shall  
 144 | not be required on claims for which adequate claims file  
 145 | documentation exists within the records of the insolvent  
 146 | insurer. Claims for payment of unearned premium shall not be  
 147 | required to use the signed statement required by this section if  
 148 | the receiver certifies to the guaranty fund that the records of  
 149 | the insolvent insurer are sufficient to determine the amount of  
 150 | unearned premium owed to each policyholder of the insurer and  
 151 | such information is remitted to the guaranty fund by the  
 152 | receiver in electronic or other mutually agreed upon format.

153 |           Section 5. Section 631.1915, Florida Statutes, is created  
 154 | to read:

155 |           631.1915 Policyholder collateral; deductible  
 156 | reimbursements; other policyholder obligations.--

157 |           (1) Any collateral held by or for the benefit of, or  
 158 | assigned to, the insurer or subsequently the receiver in order  
 159 | to secure the obligations of a policyholder under a deductible  
 160 | agreement shall not be considered an asset of the estate and  
 161 | shall be maintained and administered by the receiver as provided  
 162 | in this section, notwithstanding any other provision of law or  
 163 | contract to the contrary.

164 |           (2) If the collateral is being held by or for the benefit  
 165 | of, or assigned to, the insurer or subsequently the receiver to  
 166 | secure obligations under a deductible agreement with a  
 167 | policyholder subject to the provisions of this section, the  
 168 | collateral shall be used to secure the policyholder's obligation

169 to fund or reimburse claims payments within the agreed  
170 deductible amount.

171 (3) If a claim is subject to a deductible agreement and  
172 secured by collateral and is not covered by any guaranty  
173 association, the receiver shall adjust and pay the noncovered  
174 claim using the collateral, but only to the extent of the  
175 available collateral. A claim against the collateral by a third-  
176 party claimant is not a claim against the insolvent insurer's  
177 estate for purposes of s. 631.193. If the collateral is  
178 exhausted and the insured is not able to provide funds to pay  
179 the remaining claims within the deductible, the remaining claims  
180 shall be claims against the insurer's estate subject to  
181 complying with other provisions in this part for the filing and  
182 allowance of such claims.

183 (4) To the extent the receiver is holding collateral  
184 provided by a policyholder that was obtained to secure a  
185 deductible agreement and to secure other obligations of the  
186 policyholder, the receiver shall equitably allocate the  
187 collateral among such obligations and administer the collateral  
188 allocated to the deductible agreement pursuant to this section.  
189 The receiver shall inform the guaranty associations of the  
190 method and details of all the foregoing allocations.

191 (5) Regardless of whether there is collateral, if the  
192 insurer has contractually agreed to allow the policyholder to  
193 fund its own claims within the deductible amount pursuant to a  
194 deductible agreement, through the policyholder's own  
195 administration of its claims or through the policyholder  
196 providing funds directly to a third-party administrator who

197 administers the claims, the receiver may allow such funding  
198 arrangement to continue and, where applicable, shall enforce  
199 such arrangements. The funding of such claims by the  
200 policyholder within the deductible amount acts as a bar to any  
201 claim for such amount in the liquidation proceeding, including,  
202 but not limited to, any such claim by the policyholder or the  
203 third-party claimant. The funding extinguishes both the  
204 obligation, if any, of any guaranty association to pay such  
205 claims within the deductible amount and the obligations, if any,  
206 of the policyholder or third-party administrator to reimburse  
207 the guaranty association. No charge of any kind shall be made  
208 against any guaranty association on the basis of the  
209 policyholder's funding of claims payment made pursuant to the  
210 mechanism set forth in this subsection.

211 (6) If the insurer has not contractually agreed to allow  
212 the policyholder to fund the policyholder's own claims within  
213 the deductible amount, to the extent a guaranty association is  
214 required by applicable state law to pay any claims for which the  
215 insurer would have been entitled to reimbursement from the  
216 policyholder under the terms of the deductible agreement and to  
217 the extent the claims have not been paid by a policyholder or  
218 third party, the guaranty association shall bill the  
219 policyholder for such reimbursement and the policyholder is  
220 obligated to pay such amount to the guaranty association for the  
221 benefit of the guaranty associations who paid such claims.  
222 Neither the insolvency of the insurer nor its inability to  
223 perform any of its obligations under the deductible agreement  
224 shall be a defense to the policyholder's reimbursement



225 obligation under the deductible agreement. If the policyholder  
226 fails to pay the amounts due within 60 days after the bill for  
227 such reimbursements is due, the receiver shall use the  
228 collateral to the extent necessary to reimburse the guaranty  
229 association and, at the same time, the guaranty association may  
230 pursue other collection efforts against the policyholder. If  
231 more than one guaranty association has a claim against the same  
232 collateral and the available collateral, after allocation under  
233 subsection (4), together with billing and collection efforts,  
234 are together insufficient to pay each guaranty association in  
235 full, the receiver shall prorate payments to each guaranty  
236 association based upon the relationship the amount of claims  
237 each guaranty association has paid bears to the total of all  
238 claims paid by such guaranty associations.

239 (7) (a) The guaranty association is entitled to deduct from  
240 collateral to be returned to a policyholder reasonable actual  
241 expenses incurred in fulfilling the responsibilities under this  
242 provision.

243 (b) With respect to claims payments made by any guaranty  
244 association, the guaranty association shall provide any other  
245 guaranty associations and the receiver with a complete  
246 accounting of the guaranty association's deductible billing and  
247 collection activities, including copies of the policyholder  
248 billings when rendered and the reimbursements collected. The  
249 cost of reports required pursuant to this subsection shall be  
250 considered part of the expenses of the guaranty association.

251 (c) The guaranty association may contract with the  
252 receiver for the direct collection from the policyholders on the

253 same basis as the guaranty association and with the same rights  
254 and remedies. If so assigned, the receiver shall report any  
255 amounts so collected from each policyholder to the guaranty  
256 association.

257 (d) To the extent that guaranty associations pay claims  
258 within the deductible amount but are not reimbursed by the  
259 receiver under this section or by policyholder payments from the  
260 guaranty associations' own collection efforts, the guaranty  
261 association shall have a claim on the insolvent insurer's estate  
262 for such unreimbursed claims payments. The priority of such  
263 claim shall depend upon the nature of the payment that should  
264 have been reimbursed.

265 (e) Periodically, but not more than annually, the receiver  
266 shall adjust the collateral being held pursuant to the  
267 deductible agreement. The receiver shall maintain adequate  
268 collateral to secure 110 percent of the entire estimated  
269 obligation of the policyholder. The receiver shall provide a  
270 copy of its collateral review to any obligated guaranty  
271 association. Once all claims covered by the collateral have been  
272 paid and the receiver is satisfied that no new claims can be  
273 presented, the receiver may release any remaining collateral.

274 (8) The state court that has jurisdiction over the  
275 liquidation proceedings shall have jurisdiction to resolve  
276 disputes arising under this section.

277 (9) Nothing in this section limits or adversely affects  
278 any right the guaranty associations may have under applicable  
279 state law to obtain reimbursement from certain classes of  
280 policyholders for claims payments made by such guaranty

281 associations under policies of the insolvent insurer or for  
 282 related expenses the guaranty associations incur.

283 (10) This section applies to all liquidations for which an  
 284 order is entered after July 1, 2005.

285 (11) For purposes of this section, the term:

286 (a) "Deductible agreement" means any combination of one or  
 287 more policies, endorsements, contracts, or security agreements  
 288 that provide for the policyholder to bear the risk of loss  
 289 within a specified amount per claim or occurrence covered under  
 290 a policy of insurance and that may be subject to aggregate limit  
 291 of policyholder reimbursement obligations.

292 (b) "Noncovered claim" means a claim that is subject to a  
 293 deductible agreement, may be secured by collateral, and is not  
 294 covered by a guaranty association.

295 (12) This section does not apply to first-party claims.

296 Section 6. Subsection (3) of section 631.54, Florida  
 297 Statutes, is amended to read:

298 631.54 Definitions.--As used in this part:

299 (3) "Covered claim" means an unpaid claim, including one  
 300 of unearned premiums, which arises out of, and is within the  
 301 coverage, and not in excess of, the applicable limits of an  
 302 insurance policy to which this part applies, issued by an  
 303 insurer, if such insurer becomes an insolvent insurer and the  
 304 claimant or insured is a resident of this state at the time of  
 305 the insured event or the property from which the claim arises is  
 306 permanently located in this state. For entities other than  
 307 individuals, the residence of a claimant, insured, or  
 308 policyholder is the state in which the entity's principal place

309 of business is located at the time of the insured event.

310 "Covered claim" shall not include:

311 (a) Any amount due any reinsurer, insurer, insurance pool,  
 312 or underwriting association, sought directly or indirectly  
 313 through a third party, as subrogation, contribution,  
 314 indemnification, or otherwise; or

315 (b) Any claim that would otherwise be a covered claim  
 316 under this part that has been rejected by any other state  
 317 guaranty fund on the grounds that an insured's net worth is  
 318 greater than that allowed under that state's guaranty law.  
 319 Member insurers shall have no right of subrogation,  
 320 contribution, indemnification, or otherwise, sought directly or  
 321 indirectly through a third party, against the insured of any  
 322 insolvent member.

323 Section 7. Subsection (1) of section 631.56, Florida  
 324 Statutes, is amended to read:

325 631.56 Board of directors.--

326 (1) The board of directors of the association shall  
 327 consist of not less than six ~~five~~ or more than ten ~~nine~~ persons  
 328 serving terms as established in the plan of operation. The  
 329 department shall approve and appoint to the board up to nine  
 330 persons recommended by the member insurers. The department shall  
 331 select one Florida-licensed insurance agent to serve as a  
 332 nonvoting member. In the event the department finds that any  
 333 recommended person does not meet the qualifications for service  
 334 on the board, the department shall request the member insurers  
 335 to recommend another person. Each member shall serve for a 4-  
 336 year term and may be reappointed. Vacancies on the board shall

337 | be filled for the remaining period of the term in the same  
338 | manner as initial appointments.

339 |       Section 8. Paragraph (a) of subsection (1), paragraph (d)  
340 | of subsection (2), and paragraph (a) of subsection (3) of  
341 | section 631.57, Florida Statutes, are amended to read:

342 |       631.57 Powers and duties of the association.--

343 |       (1) The association shall:

344 |       (a)1. Be obligated to the extent of the covered claims  
345 | existing:

346 |       a. Prior to adjudication of insolvency and arising within  
347 | 30 days after the determination of insolvency;

348 |       b. Before the policy expiration date if less than 30 days  
349 | after the determination; or

350 |       c. Before the insured replaces the policy or causes its  
351 | cancellation, if she or he does so within 30 days of the  
352 | determination.

353 |       2.a. The obligation under subparagraph 1. shall include  
354 | only that amount of each covered claim which is in excess of  
355 | \$100 and is less than \$300,000, except with respect to policies  
356 | covering condominium associations or homeowners' associations,  
357 | which associations have a responsibility to provide insurance  
358 | coverage on residential units within the association, the  
359 | obligation shall include that amount of each covered property  
360 | insurance claim which is less than \$100,000 multiplied by the  
361 | number of condominium units or other residential units; however,  
362 | as to homeowners' associations, this sub-subparagraph  
363 | ~~subparagraph~~ applies only to claims for damage or loss to  
364 | residential units and structures attached to residential units.

365        b. Notwithstanding sub-subparagraph a., the association  
366 has no obligation to pay covered claims that are to be paid from  
367 the proceeds of bonds issued under s. 631.695. However, the  
368 association shall assign and pledge the first available moneys  
369 from all or part of the assessments to be made under paragraph  
370 (3) (a) to or on behalf of the issuer of such bonds for the  
371 benefit of the holders of such bonds. The association shall  
372 administer any such covered claims and present valid covered  
373 claims for payment in accordance with the provisions of the  
374 assistance program in connection with which such bonds have been  
375 issued.

376        3. In no event shall the association be obligated to a  
377 policyholder or claimant in an amount in excess of the  
378 obligation of the insolvent insurer under the policy from which  
379 the claim arises.

380        (2) The association may:

381        (d) Negotiate and become a party to such contracts as are  
382 necessary to carry out the purpose of this part. Additionally,  
383 the association may enter into such contracts with a  
384 municipality or county or such legal entity created pursuant to  
385 s. 163.01(7) (g) as are necessary in order for the municipality  
386 or county or such legal entity to issue bonds under s. 631.695.  
387 In connection with the issuance of any such bonds and the  
388 entering into of any such necessary contracts, the association  
389 may agree to such terms and conditions as the association deems  
390 necessary and proper.

391        (3) (a) To the extent necessary to secure the funds for the  
392 respective accounts for the payment of covered claims, ~~and also~~

393 | to pay the reasonable costs to administer the same, and to the  
394 | extent necessary to secure the funds for the account specified  
395 | in s. 631.55(2)(c), or to retire indebtedness, including,  
396 | without limitation, the principal, redemption premium, if any,  
397 | and interest on, and related costs of issuance of, bonds issued  
398 | under s. 631.695, and the funding of any reserves and other  
399 | payments required under the bond resolution or trust indenture  
400 | pursuant to which such bonds have been issued, the office, upon  
401 | certification of the board of directors, shall levy assessments  
402 | in the proportion that each insurer's net direct written  
403 | premiums in this state in the classes protected by the account  
404 | bears to the total of said net direct written premiums received  
405 | in this state by all such insurers for the preceding calendar  
406 | year for the kinds of insurance included within such account.  
407 | Assessments shall be remitted to and administered by the board  
408 | of directors in the manner specified by the approved plan. Each  
409 | insurer so assessed shall have at least 30 days' written notice  
410 | as to the date the assessment is due and payable. Every  
411 | assessment shall be made as a uniform percentage applicable to  
412 | the net direct written premiums of each insurer in the kinds of  
413 | insurance included within the account in which the assessment is  
414 | made. The assessments levied against any insurer shall not  
415 | exceed in any one year more than 2 percent of that insurer's net  
416 | direct written premiums in this state for the kinds of insurance  
417 | included within such account during the calendar year next  
418 | preceding the date of such assessments.

419 |       Section 9. Section 631.695, Florida Statutes, is created  
420 | to read:

421 631.695 Revenue bond issuance through counties or  
422 municipalities.--

423 (1) The Legislature finds:

424 (a) The potential for widespread and massive damage to  
425 persons and property caused by hurricanes making landfall in  
426 this state can generate insurance claims of such a number as to  
427 render numerous insurers operating within this state insolvent  
428 and therefore unable to satisfy covered claims.

429 (b) The inability of insureds within this state to receive  
430 payment of covered claims or to timely receive such payment  
431 creates financial and other hardships for such insureds and  
432 places undue burdens on the state, the affected units of local  
433 government, and the community at large.

434 (c) In addition, the failure of insurers to pay covered  
435 claims or to timely pay such claims due to the insolvency of  
436 such insurers can undermine the public's confidence in insurers  
437 operating within this state, thereby adversely affecting the  
438 stability of the insurance industry in this state.

439 (d) The state has previously taken action to address these  
440 problems by adopting the Florida Insurance Guaranty Association  
441 Act, which, among other things, provides a mechanism for the  
442 payment of covered claims under certain insurance policies to  
443 avoid excessive delay in payment and to avoid financial loss to  
444 claimants or policyholders because of the insolvency of an  
445 insurer.

446 (e) In the wake of the unprecedented destruction caused by  
447 various hurricanes that have made landfall in this state, the  
448 resultant covered claims, and the number of insurers rendered



449 insolvent thereby, it is evident that alternative programs must  
450 be developed to allow the Florida Insurance Guaranty  
451 Association, Inc., to more expeditiously and effectively provide  
452 for the payment of covered claims.

453 (f) It is therefore determined to be in the best interests  
454 of, and necessary for, the protection of the public health,  
455 safety, and general welfare of the residents of this state, and  
456 for the protection and preservation of the economic stability of  
457 insurers operating in this state, and it is declared to be an  
458 essential public purpose, to permit certain municipalities and  
459 counties to take such actions as will provide relief to  
460 claimants and policyholders having covered claims against  
461 insolvent insurers operating in this state by expediting the  
462 handling and payment of covered claims.

463 (g) To achieve the foregoing purposes, it is proper to  
464 authorize municipalities and counties of this state  
465 substantially affected by the landfall of a category 1 or  
466 greater hurricane to issue bonds to assist the Florida Insurance  
467 Guaranty Association, Inc., in expediting the handling and  
468 payment of covered claims of insolvent insurers.

469 (h) In order to avoid the needless and indiscriminate  
470 proliferation, duplication, and fragmentation of such assistance  
471 programs, it is in the best interests of the residents of this  
472 state to authorize municipalities and counties severely affected  
473 by a category 1 or greater hurricane to provide for the payment  
474 of covered claims beyond their territorial limits in the  
475 implementation of such programs.

476        (i) It is a paramount public purpose for municipalities  
477 and counties substantially affected by the landfall of a  
478 category 1 or greater hurricane to be able to issue bonds for  
479 the purposes described in this section. Such issuance shall  
480 provide assistance to residents of those municipalities and  
481 counties as well as to other residents of this state.

482        (2) The governing body of any municipality or county the  
483 residents of which have been substantially affected by a  
484 category 1 or greater hurricane may issue bonds to fund an  
485 assistance program in conjunction with, and with the consent of,  
486 the Florida Insurance Guaranty Association, Inc., for the  
487 purpose of paying claimants' or policyholders' covered claims as  
488 defined in s. 631.54 arising through the insolvency of an  
489 insurer, which insolvency is determined by the Florida Insurance  
490 Guaranty Association, Inc., to have been a result of a category  
491 1 or greater hurricane, regardless of whether such claimants or  
492 policyholders are residents of such municipality or county or  
493 the property to which such claim relates is located within or  
494 outside the territorial jurisdiction of such municipality or  
495 county. The power of a municipality or county to issue bonds as  
496 described in this section is in addition to any powers granted  
497 by law and may not be abrogated or restricted by any provisions  
498 in such municipality's or county's charter. A municipality or  
499 county issuing bonds for this purpose shall enter into such  
500 contracts with the Florida Insurance Guaranty Association, Inc.,  
501 or any entity acting on behalf of the Florida Insurance Guaranty  
502 Association, Inc., as are necessary to implement the assistance  
503 program. Any bonds issued by a municipality or county or

504 combination thereof under this subsection shall be payable from  
 505 and secured by moneys received by or on behalf of the  
 506 municipality or county from assessments levied under s.  
 507 631.57(3) (a) and assigned and pledged to or on behalf of the  
 508 municipality or county for the benefit of the holders of such  
 509 bonds in connection with such assistance program. The funds,  
 510 credit, property, and taxing power of the state or any  
 511 municipality or county shall not be pledged for the payment of  
 512 such bonds.

513 (3) Bonds may be validated by such municipality or county  
 514 pursuant to chapter 75. The proceeds of such bonds may be used  
 515 to pay covered claims of insolvent insurers; to refinance or  
 516 replace previously existing borrowings or financial  
 517 arrangements; to pay interest on bonds; to fund reserves for the  
 518 bonds; to pay expenses incident to the issuance or sale of any  
 519 bond issued under this section, including costs of validating,  
 520 printing, and delivering the bonds, costs of printing the  
 521 official statement, costs of publishing notices of sale of the  
 522 bonds, costs of obtaining credit enhancement or liquidity  
 523 support, and related administrative expenses; or for such other  
 524 purposes related to the financial obligations of the fund as the  
 525 association may determine. The term of the bonds may not exceed  
 526 30 years.

527 (4) The state covenants with holders of bonds of the  
 528 assistance program that the state will not take any action which  
 529 will have a material adverse affect on such holders and will not  
 530 repeal or abrogate the power of the board of directors of the  
 531 association to direct the Office of Insurance Regulation to levy

532 the assessments and to collect the proceeds of the revenues  
533 pledged to the payment of such bonds as long as any such bonds  
534 remain outstanding unless adequate provision has been made for  
535 the payment of such bonds pursuant to the documents authorizing  
536 the issuance of such bonds.

537 (5) The accomplishment of the authorized purposes of such  
538 municipality or county under this section is in all respects for  
539 the benefit of the people of the state, for the increase of  
540 their commerce and prosperity, and for the improvement of their  
541 health and living conditions. Such municipality or county, in  
542 performing essential governmental functions in accomplishing its  
543 purposes, is not required to pay any taxes or assessments of any  
544 kind whatsoever upon any property acquired or used by the county  
545 or municipality for such purposes or upon any revenues at any  
546 time received by the county or municipality. The bonds, notes,  
547 and other obligations of such municipality or county, and the  
548 transfer of and income from such bonds, notes, and other  
549 obligations, including any profits made on the sale of such  
550 bonds, notes, and other obligations, are exempt from taxation of  
551 any kind by the state or by any political subdivision or other  
552 agency or instrumentality of the state. The exemption granted in  
553 this subsection is not applicable to any tax imposed by chapter  
554 220 on interest, income, or profits on debt obligations owned by  
555 corporations.

556 (6) Two or more municipalities or counties the residents  
557 of which have been substantially affected by a category 1 or  
558 greater hurricane may create a legal entity pursuant to s.  
559 163.01(7)(g) to exercise the powers described in this section as

560 well as those powers granted in s. 163.01(7)(g). Reference in  
561 this section to a municipality or county includes such legal  
562 entity.

563 (7) The association shall issue an annual report on the  
564 status of the use of bond proceeds as related to insolvencies  
565 caused by hurricanes. The report must contain the number and  
566 amount of claims paid. The association shall also include an  
567 analysis of the revenue generated from the assessment levied  
568 under s. 631.57(3)(a) to pay such bonds. The association shall  
569 submit a copy of the report to the President of the Senate, the  
570 Speaker of the House of Representatives, and the Chief Financial  
571 Officer within 90 days after the end of each calendar year in  
572 which bonds were outstanding.

573 Section 10. No provision of s. 631.57 or s. 631.695,  
574 Florida Statutes, shall be repealed until such time as the  
575 principal, redemption premium, if any, and interest on all bonds  
576 issued under s. 631.695, Florida Statutes, payable and secured  
577 from assessments levied under s. 631.57(3)(a), Florida Statutes,  
578 have been paid in full or adequate provision for such payment  
579 has been made in accordance with the bond resolution or trust  
580 indenture pursuant to which such bonds were issued.

581 Section 11. If any provision of this act or the  
582 application thereof to any person or circumstance is held  
583 invalid, the invalidity shall not affect other provisions or  
584 applications of the act which can be given effect without the  
585 invalid provision or application, and to this end the provisions  
586 of this act are declared severable.

587 |           Section 12. This act shall take effect upon becoming a  
588 | law.