

Bill No. HB 1361, 1st Eng.

Barcode 282914

CHAMBER ACTION

Senate

House

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. Floor: 6/AD/3R
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Senator Garcia moved the following **substitute for amendment**
(335858):

Senate Amendment (with title amendment)

Between lines 187 and 188

insert:

Section 8. Subsection (1) of section 624.4622, Florida
utes, is amended to read:

624.4622 Local government self-insurance funds.--

(1) Any two or more local governmental entities may
enter into interlocal agreements for the purpose of securing
the payment of benefits under chapter 440, or insuring or
self-insuring real or personal property of every kind and
every interest in such property against loss or damage from
any hazard or cause and against any loss consequential to such
loss or damage, provided the local government self-insurance
fund that is created must:

(a) Have annual normal premiums in excess of \$5
million;

(b) Maintain a continuing program of excess insurance

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1 coverage and reserve evaluation to protect the financial
2 stability of the fund in an amount and manner determined by a
3 qualified and independent actuary;

4 (c) Submit annually an audited fiscal year-end
5 financial statement by an independent certified public
6 accountant within 6 months after the end of the fiscal year to
7 the office; and

8 (d) Have a governing body which is comprised entirely
9 of local elected officials.

10 Section 9. Subsection (3) is added to section
11 624.4623, Florida Statutes, to read:

12 624.4623 Independent Educational Institution
13 Self-Insurance Funds.--

14 (3) An independent educational institution
15 self-insurance fund may not be required to participate in, or
16 be entitled to coverage under, any guaranty association
17 created pursuant to part II or part V of chapter 631.

18 Section 10. Section 624.4624, Florida Statutes, is
19 created to read:

20 624.4624 Corporation not for profit self-insurance
21 funds.--

22 (1) Notwithstanding any other provision of law, any
23 two or more corporations not for profit located in and
24 organized under the laws of this state may form a
25 self-insurance fund for the purpose of pooling and spreading
26 liabilities of its group members in any one or combination of
27 property or casualty risk or surety insurance or securing the
28 payment of benefits under chapter 440, provided the
29 corporation not for profit self-insurance fund that is
30 created:

31 (a) Has annual normal premiums in excess of \$5

1 million.

2 (b) Requires for qualification that each participating
3 member receive at least 75 percent of its revenues from local,
4 state, or federal governmental sources or a combination of
5 such sources.

6 (c) Uses a qualified actuary to determine rates using
7 accepted actuarial principles and annually submits to the
8 office a certification by the actuary that the rates are
9 actuarially sound and are not inadequate, as defined in s.
10 627.062.

11 (d) Uses a qualified actuary to establish reserves for
12 loss and loss adjustment expenses and annually submits to the
13 office a certification by the actuary that the loss and loss
14 adjustment expense reserves are adequate. If the actuary
15 determines that reserves are not adequate, the fund shall file
16 with the office a remedial plan for increasing the reserves or
17 otherwise addressing the financial condition of the fund,
18 subject to a determination by the office that the fund will
19 operate on an actuarially sound basis and the fund does not
20 pose a significant risk of insolvency.

21 (e) Maintains a continuing program of excess insurance
22 coverage and reserve evaluation to protect the financial
23 stability of the fund in an amount and manner determined by a
24 qualified actuary. At a minimum, this program must:

25 1. Purchase excess insurance from authorized insurance
26 carriers.

27 2. Retain a per-loss occurrence that does not exceed
28 \$350,000.

29 (f) Submits to the office annually an audited fiscal
30 year-end financial statement by an independent certified
31 public accountant within 6 months after the end of the fiscal

1 year.

2 (g) Has a governing body that is comprised entirely of
3 officials from corporations not for profit that are members of
4 the corporation not for profit self-insurance fund.

5 (h) Uses knowledgeable persons or business entities to
6 administer or service the fund in the areas of claims
7 administration, claims adjusting, underwriting, risk
8 management, loss control, policy administration, financial
9 audit, and legal areas. Such persons must meet all applicable
10 requirements of law for state licensure and must have at least
11 5 years' experience with commercial self-insurance funds
12 formed under s. 624.462, self-insurance funds formed under s.
13 624.4622, or domestic insurers.

14 (i) Submits to the office copies of contracts used for
15 its members which clearly establish the liability of each
16 member for the obligations of the fund.

17 (j) Annually submits to the office a certification by
18 the governing body of the fund that, to the best of its
19 knowledge, the requirements of this section are met.

20 (2) As used in this section, the term "qualified
21 actuary" means an actuary that is a member of the Casualty
22 Actuarial Society or the American Academy of Actuaries.

23 (3) A corporation not for profit self-insurance fund
24 that meets the requirements of this section is not:

25 (a) An insurer for purposes of participation in or
26 coverage by any insurance guaranty association established by
27 chapter 631; or

28 (b) Subject to s. 624.4621 and is not required to file
29 any report with the department under s. 440.38(2)(b) which is
30 uniquely required of group self-insurer funds qualified under
31 s. 624.4621.

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1 (4) Premiums, contributions, and assessments received
 2 by a corporation not for profit self-insurance fund are
 3 subject to ss. 624.509(1) and (2) and 624.5092, except that
 4 the tax rate shall be 1.6 percent of the gross amount of such
 5 premiums, contributions, and assessments.

6 (5) If any of the requirements of subsection (1) are
 7 not met, a corporation not for profit self-insurance fund is
 8 subject to the requirements of s. 624.4621 if the fund
 9 provides only workers' compensation coverage or is subject to
 10 the requirements of ss. 624.460-624.488 if the fund provides
 11 coverage for other property, casualty, or surety risks.

12 Section 11. Section 627.443, Florida Statutes, is
 13 created to read:

14 627.443 Workers' compensation insurance policy
 15 limitation.--Notwithstanding any other provision in this
 16 chapter, a workers' compensation insurance policy issued by a
 17 self-insurance fund that is subject to part V of chapter 631
 18 may not be rejected by any person requiring a workers'
 19 compensation insurance policy pursuant to a construction
 20 contract, if such rejection is because the self-insurance fund
 21 is not rated by a nationally-recognized insurance rating
 22 service.

23
 24 (Redesignate subsequent sections.)

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

28 And the title is amended as follows:

29 On line 21, following the semicolon,

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 31 insert:

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1 amending s. 624.4622, F.S.; authorizing local
2 government self-insurance funds to insure or
3 self-insure real or personal property against
4 loss or damage; amending s. 624.4623, F.S.;
5 prohibiting requiring participation of
6 independent educational institution
7 self-insurance funds in or entitlement to
8 coverage under certain guaranty associations;
9 creating s. 624.4624, F.S.; authorizing two or
10 more corporations not for profit to form a
11 self-insurance fund for certain purposes;
12 providing specific requirements; providing a
13 definition; providing limitations; providing
14 for application of certain provisions to
15 certain premiums, contributions, and
16 assessments; providing for payment of insurance
17 premium tax at a reduced rate by corporation
18 not for profit self-insurance funds; subjecting
19 a corporation not for profit self-insurance
20 fund to certain group self-insurance fund
21 provisions under certain circumstances;
22 creating s. 627.443, F.S.; prohibiting
23 rejecting certain workers' compensation
24 insurance policies by certain persons on
25 certain grounds;

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