

Bill No. HB 1361, 1st Eng.

Barcode 335858

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Senator Garcia moved the following amendment:

Senate Amendment (with title amendment)

Between lines 187 and 188,

insert:

Section 8. Section 624.4624, Florida Statutes, is created to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (4) Premiums, contributions, and assessments received

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

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

11
12 (Redesignate subsequent sections.)

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

16 And the title is amended as follows:

17 On line 21, after the semicolon,

18
19 insert:

20 creating s. 624.4624, F.S.; authorizing two or
 21 more corporations not for profit to form a
 22 self-insurance fund for certain purposes;
 23 providing specific requirements; providing a
 24 definition; providing limitations; providing
 25 for application of certain provisions to
 26 certain premiums, contributions, and
 27 assessments; providing for payment of insurance
 28 premium tax at a reduced rate by corporation
 29 not for profit self-insurance funds; subjecting
 30 a corporation not for profit self-insurance
 31 fund to certain group self-insurance fund

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1 provisions under certain circumstances;
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