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HB 1361, Engrossed 2

2006 Legislature

1 A bill to be entitled
2 An act relating to insurance; amending s. 624.605, F.S.;
3 including debt cancellation products within the definition
4 of the term "casualty insurance"; describing debt
5 cancellation products; authorizing certain entities to
6 offer debt cancellation products under certain
7 circumstances; specifying such products as not
8 constituting insurance; amending s. 626.9541, F.S.,
9 relating to unfair methods of competition and unfair or
10 deceptive acts or practices; exempting, from the
11 prohibition on free insurance, insurance covering property
12 other than real property or motor vehicles under specified
13 circumstances; amending s. 627.642, F.S.; requiring an
14 identification card containing specified information to be
15 given to insureds who have health and accident insurance;
16 amending s. 627.553, F.S.; revising certain limitations on
17 certain amounts of life insurance on a debtor; amending s.
18 627.657, F.S.; requiring an identification card containing
19 specified information to be given to insureds under group
20 health insurance policies; amending s. 627.679, F.S.;
21 revising certain limitations on certain amounts of life
22 insurance on a debtor; amending s. 627.681, F.S.; revising
23 a limitation on the term of credit disability insurance;
24 amending s. 628.511, F.S.; revising the definitions of the
25 terms "clearing corporation" and "custodian"; deleting
26 definitions of the terms "book entry system" and "member
27 bank"; conforming changes; amending s. 636.204, F.S.;

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28 | revising the requirements for an application to operate as
29 | a discount medical plan organization; amending s. 636.206,
30 | F.S.; authorizing the Office of Insurance Regulation to
31 | examine the business affairs of a discount medical plan
32 | organization under certain conditions; amending s.
33 | 636.210, F.S.; providing an exception to the prohibition
34 | of a discount medical plan organization having
35 | restrictions on free access to plan providers; amending s.
36 | 636.216, F.S.; requiring certain charges to members be
37 | approved by the office before the charges can be used;
38 | amending s. 636.218, F.S.; deleting certain requirements
39 | for annual reports submitted to the office; amending s.
40 | 636.230, F.S.; revising the minimum capital requirements
41 | for discount medical plan organizations; requiring a
42 | discount medical plan to be provided in writing under
43 | certain conditions; amending s. 641.31, F.S.; requiring
44 | that an identification card be given to persons receiving
45 | health care services through a health maintenance
46 | contract; amending s. 655.947, F.S.; providing what
47 | constitutes a debt cancellation product; providing a
48 | definition; amending s. 520.07, F.S.; requiring the
49 | Financial Services Commission to adopt rules regarding
50 | debt cancellation products provided by motor vehicle
51 | retail installment sellers; amending s. 624.4622, F.S.;
52 | authorizing local government self-insurance funds to
53 | insure or self-insure real or personal property against
54 | loss or damage; amending s. 624.4623, F.S.; prohibiting

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55 requiring participation of independent educational
 56 institution self-insurance funds in or entitlement to
 57 coverage under certain guaranty associations; creating s.
 58 624.4624, F.S.; authorizing two or more corporations not
 59 for profit to form a self-insurance fund for certain
 60 purposes; providing specific requirements; providing a
 61 definition; providing limitations; providing for
 62 application of certain provisions to certain premiums,
 63 contributions, and assessments; providing for payment of
 64 insurance premium tax at a reduced rate by corporation not
 65 for profit self-insurance funds; subjecting a corporation
 66 not for profit self-insurance fund to certain group self-
 67 insurance fund provisions under certain circumstances;
 68 creating s. 627.443, F.S.; prohibiting rejecting certain
 69 workers' compensation insurance policies by certain
 70 persons on certain grounds; providing an effective date.
 71

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

73
 74 Section 1. Paragraph (r) is added to subsection (1) of
 75 section 624.605, Florida Statutes, to read:

76 624.605 "Casualty insurance" defined.--

77 (1) "Casualty insurance" includes:

78 (r) Insurance for debt cancellation products.--Insurance
 79 that a creditor may purchase against the risk of financial loss
 80 from the use of debt cancellation products with consumer loans
 81 or leases or retail installment contracts.

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82 1. For purposes of this paragraph, debt cancellation
 83 products, including, but not limited to, debt cancellation
 84 contracts, debt suspension agreements, and guaranteed asset
 85 protection contracts, are loan or lease or retail installment
 86 contract terms, or modifications to loan, lease, or retail
 87 installment contracts, under which a creditor agrees to cancel
 88 or suspend all or part of a customer's obligation to make
 89 payments upon the occurrence of specified events.

90 2. Debt cancellation products may be offered by financial
 91 institutions, as defined in s. 655.005(1)(h), and including
 92 insured depository institutions, as defined in 12 U.S.C. s.
 93 1813(c), and subsidiaries thereof, as provided in the Financial
 94 Institution Codes, or Motor Vehicle Retail Installment Sellers,
 95 as defined in s. 520.02(15) or Retail Lessors, as defined in s.
 96 521.003(8), Florida Statutes, and such products shall not
 97 constitute insurance for purposes of the Florida Insurance Code.

98 Section 2. Paragraph (n) of subsection (1) of section
 99 626.9541, Florida Statutes, is amended to read:

100 626.9541 Unfair methods of competition and unfair or
 101 deceptive acts or practices defined.--

102 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE
 103 ACTS.--The following are defined as unfair methods of
 104 competition and unfair or deceptive acts or practices:

105 (n) Free insurance prohibited.--

106 1. Advertising, offering, or providing free insurance as
 107 an inducement to the purchase or sale of real or personal

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108 | property or of services directly or indirectly connected with
 109 | such real or personal property.

110 | 2. For the purposes of this paragraph, "free" insurance
 111 | is:

112 | a. Insurance for which no identifiable and additional
 113 | charge is made to the purchaser of such real property, personal
 114 | property, or services.

115 | b. Insurance for which an identifiable or additional
 116 | charge is made in an amount less than the cost of such insurance
 117 | as to the seller or other person, other than the insurer,
 118 | providing the same.

119 | 3. Subparagraphs 1. and 2. do not apply to:

120 | a. Insurance of, loss of, or damage to the real or
 121 | personal property involved in any such sale or services, under a
 122 | policy covering the interests therein of the seller or vendor.

123 | b. Blanket disability insurance as defined in s. 627.659.

124 | c. Credit life insurance or credit disability insurance.

125 | d. Any individual, isolated, nonrecurring unadvertised
 126 | transaction not in the regular course of business.

127 | e. Title insurance.

128 | f. Any purchase agreement involving the purchase of a
 129 | cemetery lot or lots in which, under stated conditions, any
 130 | balance due is forgiven upon the death of the purchaser.

131 | g. Life insurance, trip cancellation insurance, or lost
 132 | baggage insurance offered by a travel agency as part of a travel
 133 | package offered by and booked through the agency.

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134 h. Insurance covering property, other than real property
 135 or motor vehicles, if the person paying for the insurance:

136 (I) Has an ongoing contractual interest or other economic
 137 interest in the property; or

138 (II) Requires the property to deliver its services.

139 4. Using the word "free" or words which imply the
 140 provision of insurance without a cost to describe life or
 141 disability insurance, in connection with the advertising or
 142 offering for sale of any kind of goods, merchandise, or
 143 services.

144 Section 3. Subsection (3) is added to section 627.642,
 145 Florida Statutes, to read:

146 627.642 Outline of coverage.--

147 (3) In addition to the outline of coverage, a policy as
 148 specified in s. 627.6699(3)(k) must be accompanied by an
 149 identification card that contains, at a minimum:

150 (a) The name of the organization issuing the policy or the
 151 name of the organization administering the policy, whichever
 152 applies.

153 (b) The name of the contract holder.

154 (c) The type of plan only if the plan is filed in the
 155 state, an indication that the plan is self-funded, or the name
 156 of the network.

157 (d) The member identification number, contract number, and
 158 policy or group number, if applicable.

159 (e) A contact phone number or electronic address for
 160 authorizations.

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161 (f) A phone number or electronic address whereby the
 162 covered person or hospital, physician, or other person rendering
 163 services covered by the policy may determine if the plan is
 164 insured and may obtain a benefits verification in order to
 165 estimate patient financial responsibility, in compliance with
 166 privacy rules under the Health Insurance Portability and
 167 Accountability Act.

168 (g) The national plan identifier, in accordance with the
 169 compliance date set forth by the federal Department of Health
 170 and Human Services.

171
 172 The identification card must present the information in a
 173 readily identifiable manner or, alternatively, the information
 174 may be embedded on the card and available through magnetic
 175 stripe or smart card. The information may also be provided
 176 through other electronic technology.

177 Section 4. Subsection (3) of section 627.553, Florida
 178 Statutes, is amended to read:

179 627.553 Debtor groups.--The lives of a group of
 180 individuals may be insured under a policy issued to a creditor
 181 or its parent holding company, or to a trustee or trustees or
 182 agent designated by two or more creditors, which creditor,
 183 holding company, affiliate, trustee or trustees, or agent shall
 184 be deemed the policyholder, to insure debtors of the creditor or
 185 creditors, subject to the following requirements:

186 (3) The amount of insurance on the life of any debtor
 187 shall at no time exceed the amount owed by her or him which is

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188 | repayable in installments to the creditor ~~or \$50,000, whichever~~
 189 | ~~is less, except that loans not exceeding 1 year's duration shall~~
 190 | ~~not be subject to such limits. However, on such loans not~~
 191 | ~~exceeding 1 year's duration, the limit of coverage shall not~~
 192 | ~~exceed \$50,000 with any one insurer.~~

193 | Section 5. Present subsection (2) of section 627.657,
 194 | Florida Statutes, is renumbered as subsection (3), and a new
 195 | subsection (2) is added to that section, to read:

196 | 627.657 Provisions of group health insurance policies.--

197 | (2) The medical policy as specified in s. 627.6699(3)(k)
 198 | must be accompanied by an identification card that contains, at
 199 | a minimum:

200 | (a) The name of the organization issuing the policy or
 201 | name of the organization administering the policy, whichever
 202 | applies.

203 | (b) The name of the certificateholder.

204 | (c) The type of plan only if the plan is filed in the
 205 | state, an indication that the plan is self-funded, or the name
 206 | of the network.

207 | (d) The member identification number, contract number, and
 208 | policy or group number, if applicable.

209 | (e) A contact phone number or electronic address for
 210 | authorizations.

211 | (f) A phone number or electronic address whereby the
 212 | covered person or hospital, physician, or other person rendering
 213 | services covered by the policy may determine if the plan is
 214 | insured and may obtain a benefits verification in order to

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215 estimate patient financial responsibility, in compliance with
216 privacy rules under the Health Insurance Portability and
217 Accountability Act.

218 (g) The national plan identifier, in accordance with the
219 compliance date set forth by the federal Department of Health
220 and Human Services.

221
222 The identification card must present the information in a
223 readily identifiable manner or, alternatively, the information
224 may be embedded on the card and available through magnetic
225 stripe or smart card. The information may also be provided
226 through other electronic technology.

227 Section 6. Paragraph (b) of subsection (1) of section
228 627.679, Florida Statutes, is amended to read:

229 627.679 Amount of insurance; disclosure.--

230 (1)

231 (b) The total amount of credit life insurance on the life
232 of any debtor with respect to any loan or loans covered in one
233 or more insurance policies shall at no time exceed the amount of
234 the indebtedness \$50,000 with any one creditor, except that
235 ~~loans not exceeding 1 year's duration shall not be subject to~~
236 ~~such limits, and on such loans not exceeding 1 year's duration,~~
237 ~~the limits of coverage shall not exceed \$50,000 with any one~~
238 ~~insurer.~~

239 Section 7. Subsection (2) of section 627.681, Florida
240 Statutes, is amended to read:

241 627.681 Term and evidence of insurance.--

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242 (2) The term of credit disability insurance on any debtor
 243 insured under this section shall not exceed the term of
 244 indebtedness 10 years, and for credit transactions that exceed
 245 60 months, coverage shall not exceed 60 monthly indemnities.

246 Section 8. Section 628.511, Florida Statutes, is amended
 247 to read:

248 628.511 Clearing corporations ~~Book entry accounting~~
 249 ~~system~~--

250 (1) The purpose of this section is to authorize domestic
 251 insurers to utilize modern systems for holding and transferring
 252 securities without physical delivery of securities certificates,
 253 subject to appropriate rules of the commission.

254 (2) The following terms are defined for use in this
 255 section:

256 (a) "Securities" means instruments as defined in s.
 257 678.1021.

258 (b) "Clearing corporation" means a clearing corporation as
 259 defined in s. 678.1021. The term "clearing corporation" also
 260 includes "treasury/reserve automated debt entry securities
 261 system" and "treasury direct" book-entry securities systems as
 262 established pursuant to 31 U.S.C. ss. 3100 et seq., 12 U.S.C.
 263 391 and 5 U.S.C. 301.

264 (c) "Custodian" ~~"Direct participant"~~ means a national
 265 bank, state bank or trust company, or broker or dealer that
 266 ~~which maintains an account in its name in a clearing corporation~~
 267 ~~and through which an insurance company participates in a~~
 268 clearing corporation.

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269 ~~(d) "Federal Reserve book entry system" means the~~
 270 ~~computerized systems sponsored by the United States Department~~
 271 ~~of the Treasury and agencies and instrumentalities of the United~~
 272 ~~States for holding and transferring securities of the United~~
 273 ~~States Government and such agencies and instrumentalities,~~
 274 ~~respectively, in Federal Reserve banks through banks which are~~
 275 ~~members of the Federal Reserve System or which otherwise have~~
 276 ~~access to such computerized systems.~~

277 ~~(e) "Member bank" means a national bank, state bank or~~
 278 ~~trust company which is a member of the Federal Reserve System~~
 279 ~~and through which an insurer participates in the Federal Reserve~~
 280 ~~book entry system.~~

281 (3) Notwithstanding any other provision of law, a domestic
 282 insurer may deposit or arrange for the deposit of securities
 283 held in or purchased for its general account and its separate
 284 accounts in a clearing corporation ~~or in the Federal Reserve~~
 285 ~~book entry system.~~ When securities are deposited with a clearing
 286 corporation, certificates representing securities of the same
 287 class of the same issuer may be merged and held in bulk in the
 288 name of the nominee of such clearing corporation with any other
 289 securities deposited with such clearing corporation by any
 290 person, regardless of the ownership of such securities, and
 291 certificates representing securities of small denominations may
 292 be merged into one or more certificates of larger denominations.
 293 The records of any custodian bank through which an insurer holds
 294 ~~securities in the Federal Reserve book entry system, and the~~
 295 ~~records of any custodian banks through which an insurer holds~~

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296 | ~~securities~~ in a clearing corporation ~~7~~ shall at all times show
 297 | that such securities are held for such insurer and for which
 298 | accounts thereof. Ownership of, and other interests in, such
 299 | securities may be transferred by bookkeeping entry on the books
 300 | of such clearing corporation ~~or in the Federal Reserve book-~~
 301 | ~~entry system~~ without, ~~in either case,~~ physical delivery of
 302 | certificates representing such securities.

303 | (4) The commission may adopt rules governing the deposit
 304 | by insurers of securities with clearing corporations ~~and in the~~
 305 | ~~Federal Reserve book entry system.~~

306 | Section 9. Paragraph (i) of subsection (2) of section
 307 | 636.204, Florida Statutes, is amended to read:

308 | 636.204 License required.--

309 | (2) An application for a license to operate as a discount
 310 | medical plan organization must be filed with the office on a
 311 | form prescribed by the commission. Such application must be
 312 | sworn to by an officer or authorized representative of the
 313 | applicant and be accompanied by the following, if applicable:

314 | (i) A copy of the applicant's most recent financial
 315 | statements audited by an independent certified public
 316 | accountant. An applicant that is a subsidiary of a parent entity
 317 | that is publicly traded and that prepares audited financial
 318 | statements reflecting the consolidated operations of the parent
 319 | entity and the subsidiary may submit ~~petition the office to~~
 320 | ~~accept~~, in lieu of the audited financial statement of the
 321 | applicant, the audited financial statement of the parent entity
 322 | and a written guaranty by the parent entity that the minimum

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323 capital requirements of the applicant required by this part will
 324 be met by the parent entity.

325 Section 10. Subsection (1) of section 636.206, Florida
 326 Statutes, is amended to read:

327 636.206 Examinations and investigations.--

328 (1) The office may examine or investigate the business and
 329 affairs of any discount medical plan organization if the
 330 commissioner has reason to believe that the discount medical
 331 plan organization is not complying with requirements of this
 332 chapter. The office may order any discount medical plan
 333 organization or applicant to produce any records, books, files,
 334 advertising and solicitation materials, or other information and
 335 may take statements under oath to determine whether the discount
 336 medical plan organization or applicant is in violation of the
 337 law or is acting contrary to the public interest. The expenses
 338 incurred in conducting any examination or investigation must be
 339 paid by the discount medical plan organization or applicant.
 340 Examinations and investigations must be conducted as provided in
 341 chapter 624.

342 Section 11. Subsection (1) of section 636.210, Florida
 343 Statutes, is amended to read:

344 636.210 Prohibited activities of a discount medical plan
 345 organization.--

346 (1) A discount medical plan organization may not:

347 (a) Use in its advertisements, marketing material,
 348 brochures, and discount cards the term "insurance" except as
 349 otherwise provided in this part or as a disclaimer of any

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350 relationship between discount medical plan organization benefits
 351 and insurance;

352 (b) Use in its advertisements, marketing material,
 353 brochures, and discount cards the terms "health plan,"
 354 "coverage," "copay," "copayments," "preexisting conditions,"
 355 "guaranteed issue," "premium," "PPO," "preferred provider
 356 organization," or other terms in a manner that could reasonably
 357 mislead a person into believing the discount medical plan was
 358 health insurance;

359 (c) Have restrictions on free access to plan providers,
 360 except for hospital services, including, but not limited to,
 361 waiting periods and notification periods; or

362 (d) Pay providers any fees for medical services.

363 Section 12. Subsection (1) of section 636.216, Florida
 364 Statutes, is amended to read:

365 636.216 Charge or form filings.--

366 (1) All charges to members must be filed with the office
 367 and any charge to members greater than \$30 per month or \$360 per
 368 year for access to health care services other than those
 369 provided by physicians licensed under chapter 458 or chapter 459
 370 or by hospitals licensed under chapter 395 must be approved by
 371 the office before the charges can be used. Any charge to members
 372 greater than \$60 per month or \$720 per year for health care
 373 services that include services provided by physicians licensed
 374 under chapter 458 or chapter 459 or by hospitals licensed under
 375 chapter 395 must be approved by the office before the charges
 376 can be used. The discount medical plan organization has the

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377 | burden of proof that the charges bear a reasonable relation to
378 | the benefits received by the member.

379 | Section 13. Subsection (2) of section 636.218, Florida
380 | Statutes, is amended to read:

381 | 636.218 Annual reports.--

382 | (2) Such reports must be on forms prescribed by the
383 | commission and must include:

384 | ~~(a) Audited financial statements prepared in accordance~~
385 | ~~with generally accepted accounting principles certified by an~~
386 | ~~independent certified public accountant, including the~~
387 | ~~organization's balance sheet, income statement, and statement of~~
388 | ~~changes in cash flow for the preceding year. An organization~~
389 | ~~that is a subsidiary of a parent entity that is publicly traded~~
390 | ~~and that prepares audited financial statements reflecting the~~
391 | ~~consolidated operations of the parent entity and the~~
392 | ~~organization may petition the office to accept, in lieu of the~~
393 | ~~audited financial statement of the organization, the audited~~
394 | ~~financial statement of the parent entity and a written guaranty~~
395 | ~~by the parent entity that the minimum capital requirements of~~
396 | ~~the organization required by this part will be met by the parent~~
397 | ~~entity.~~

398 | (a) ~~(b)~~ If different from the initial application or the
399 | last annual report, a list of the names and residence addresses
400 | of all persons responsible for the conduct of the organization's
401 | affairs, together with a disclosure of the extent and nature of
402 | any contracts or arrangements between such persons and the

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403 discount medical plan organization, including any possible
 404 conflicts of interest.

405 (b)~~(e)~~ The number of discount medical plan members in the
 406 state.

407 (c)~~(d)~~ Such other information relating to the performance
 408 of the discount medical plan organization as is reasonably
 409 required by the commission or office.

410 Section 14. Subsection (1) of section 636.220, Florida
 411 Statutes, is amended to read:

412 636.220 Minimum capital requirements.--

413 (1) Each discount medical plan organization must at all
 414 times maintain a net worth of at least \$150,000.

415 (2) The office may not issue a license unless the discount
 416 medical plan organization has a net worth of at least \$150,000,
 417 and each discount medical plan organization shall certify in
 418 writing under oath at the time of licensure and annually
 419 thereafter that the minimum capitalization requirements of this
 420 part are satisfied.

421 Section 15. Section 636.230, Florida Statutes, is amended
 422 to read:

423 636.230 Bundling discount medical plans with insurance
 424 ~~other~~ products.--When a marketer or discount medical plan
 425 organization sells a discount medical plan together with any
 426 insurance ~~other~~ product, the fees for the discount medical plan
 427 must be provided in writing to the member if the fees exceed \$30
 428 per month for access to health care services other than those
 429 provided by physicians licensed under chapter 458 or chapter

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430 459, or by hospitals licensed under chapter 395, or \$60 per
431 month for health care services that include services provided by
432 physicians licensed under chapter 458 or chapter 459 or by
433 hospitals licensed under chapter 395.

434 Section 16. Present subsections (5) through (40) of
435 section 641.31, Florida Statutes, are renumbered as subsections
436 (6) through (41), respectively, and a new subsection (5) is
437 added to that section, to read:

438 641.31 Health maintenance contracts.--

439 (5) The contract, certificate, or member handbook must be
440 accompanied by an identification card that contains, at a
441 minimum:

442 (a) The name of the organization offering the contract or
443 name of the organization administering the contract, whichever
444 applies.

445 (b) The name of the subscriber.

446 (c) A statement that the health plan is a health
447 maintenance organization. Only a health plan with a certificate
448 of authority issued under this chapter may be identified as a
449 health maintenance organization.

450 (d) The member identification number, contract number, and
451 group number, if applicable.

452 (e) A contact phone number or electronic address for
453 authorizations.

454 (f) A phone number or electronic address whereby the
455 covered person or hospital, physician, or other person rendering
456 services covered by the contract may determine if the plan is

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457 insured and may obtain a benefits verification in order to
458 estimate patient financial responsibility, in compliance with
459 privacy rules under the Health Insurance Portability and
460 Accountability Act.

461 (g) The national plan identifier, in accordance with the
462 compliance date set forth by the federal Department of Health
463 and Human Services.

464
465 The identification card must present the information in a
466 readily identifiable manner or, alternatively, the information
467 may be embedded on the card and available through magnetic
468 stripe or smart card. The information may also be provided
469 through other electronic technology.

470 Section 17. Section 655.947, Florida Statutes, is created
471 to read:

472 655.947 Debt cancellation products.--

473 (1) Debt cancellation products, including, but not limited
474 to, debt cancellation contracts, debt suspension agreements, and
475 guaranteed asset protection contracts, are loan or lease
476 contract terms, or modifications to loan or lease contracts,
477 under which a creditor agrees to cancel or suspend all or part
478 of a customer's obligation to make payments upon the occurrence
479 of specified events. Debt cancellation products may be offered,
480 and a fee charged, by financial institutions and their
481 subsidiaries subject to the provisions of this section. As used
482 in this section, the term "financial institutions" includes

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483 those as defined in s. 655.005(1)(h) and insured depository
 484 institutions as defined in 12 U.S.C. s. 1813.

485 (2) The commission shall adopt rules to administer this
 486 section, which rules must be consistent with 12 C.F.R. part 37,
 487 as amended.

488 Section 18. Section 655.947, Florida Statutes, is created
 489 to read:

490 655.947 Debt cancellation products.--

491 (1) Debt cancellation products, including, but not limited
 492 to, debt cancellation contracts, debt suspension agreements, and
 493 guaranteed asset protection contracts, are loan or lease
 494 contract terms, or modifications to loan or lease contracts,
 495 under which a creditor agrees to cancel or suspend all or part
 496 of a customer's obligation to make payments upon the occurrence
 497 of specified events. Debt cancellation products may be offered,
 498 and a fee charged, by financial institutions and their
 499 subsidiaries subject to the provisions of this section. As used
 500 in this section, the term "financial institutions" includes
 501 those as defined in s. 655.005(1)(h) and insured depository
 502 institutions as defined in 12 U.S.C. s. 1813.

503 (2) The commission shall adopt rules to administer this
 504 section, such rules shall be consistent with 12 CFR Part 37, as
 505 amended.

506 Section 19. Subsection (11) is added to section 520.07,
 507 Florida Statutes, to read:

508 520.07 Requirements and prohibitions as to retail
 509 installment contracts.--

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510 (11) The commission shall adopt rules to administer the
 511 sale of debt cancellation products as defined in s.
 512 624.605(1)(r) by motor vehicle retail installment sellers.

513 Section 20. Subsection (1) of section 624.4622, Florida
 514 Statutes, is amended to read:

515 624.4622 Local government self-insurance funds.--

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

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

525 (b) Maintain a continuing program of excess insurance
 526 coverage and reserve evaluation to protect the financial
 527 stability of the fund in an amount and manner determined by a
 528 qualified and independent actuary;

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

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

534 Section 21. Subsection (3) is added to section 624.4623,
 535 Florida Statutes, to read:

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536 624.4623 Independent Educational Institution Self-
 537 Insurance Funds.--

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

542 Section 22. Section 624.4624, Florida Statutes, is created
 543 to read:

544 624.4624 Corporation not for profit self-insurance funds.

545 --

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

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

555 (b) Requires for qualification that each participating
 556 member receive at least 75 percent of its revenues from local,
 557 state, or federal governmental sources or a combination of such
 558 sources.

559 (c) Uses a qualified actuary to determine rates using
 560 accepted actuarial principles and annually submits to the office
 561 a certification by the actuary that the rates are actuarially
 562 sound and are not inadequate, as defined in s. 627.062.

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563 (d) Uses a qualified actuary to establish reserves for
564 loss and loss adjustment expenses and annually submits to the
565 office a certification by the actuary that the loss and loss
566 adjustment expense reserves are adequate. If the actuary
567 determines that reserves are not adequate, the fund shall file
568 with the office a remedial plan for increasing the reserves or
569 otherwise addressing the financial condition of the fund,
570 subject to a determination by the office that the fund will
571 operate on an actuarially sound basis and the fund does not pose
572 a significant risk of insolvency.

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

577 1. Purchase excess insurance from authorized insurance
578 carriers.

579 2. Retain a per-loss occurrence that does not exceed
580 \$350,000.

581 (f) Submits to the office annually an audited fiscal year-
582 end financial statement by an independent certified public
583 accountant within 6 months after the end of the fiscal year.

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

587 (h) Uses knowledgeable persons or business entities to
588 administer or service the fund in the areas of claims
589 administration, claims adjusting, underwriting, risk management,

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590 loss control, policy administration, financial audit, and legal
591 areas. Such persons must meet all applicable requirements of law
592 for state licensure and must have at least 5 years' experience
593 with commercial self-insurance funds formed under s. 624.462,
594 self-insurance funds formed under s. 624.4622, or domestic
595 insurers.

596 (i) Submits to the office copies of contracts used for its
597 members which clearly establish the liability of each member for
598 the obligations of the fund.

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

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

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

607 (a) An insurer for purposes of participation in or
608 coverage by any insurance guaranty association established by
609 chapter 631; or

610 (b) Subject to s. 624.4621 and is not required to file any
611 report with the department under s. 440.38(2)(b) which is
612 uniquely required of group self-insurer funds qualified under s.
613 624.4621.

614 (4) Premiums, contributions, and assessments received by a
615 corporation not for profit self-insurance fund are subject to
616 ss. 624.509(1) and (2) and 624.5092, except that the tax rate

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617 shall be 1.6 percent of the gross amount of such premiums,
618 contributions, and assessments.

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

625 Section 23. Section 627.443, Florida Statutes, is created
626 to read:

627 627.443 Workers' compensation insurance policy
628 limitation.--Notwithstanding any other provision in this
629 chapter, a workers' compensation insurance policy issued by a
630 self-insurance fund that is subject to part V of chapter 631 may
631 not be rejected by any person requiring a workers' compensation
632 insurance policy pursuant to a construction contract, if such
633 rejection is because the self-insurance fund is not rated by a
634 nationally-recognized insurance rating service.

635 Section 24. This act shall take effect upon becoming a
636 law.