

Bill No. SB 1966

Barcode 482444

CHAMBER ACTION

Senate

House

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The Committee on Banking and Insurance (Garcia) recommended
the following amendment:

Senate Amendment

On page 1, line 28, through
page 3, line 2, delete those lines

and insert:

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

(d) Uses a qualified actuary to establish reserves for
loss and loss adjustment expenses and annually submits to the
office a certification by the actuary that the loss and loss
adjustment expense reserves are adequate. If the actuary
determines that reserves are not adequate, the fund shall file
a remedial plan for increasing the reserves or otherwise
addressing the financial condition of the fund, subject to a
determination by the office that the fund will operate on an

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1 actuarially sound basis and does not pose a significant risk
2 of insolvency.

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

7 1. Purchase excess insurance from authorized insurance
8 carriers; and

9 2. Retain a per-loss occurrence that does not exceed
10 \$350,000.

11 (f) Submits to the office annually an audited fiscal
12 year-end financial statement by an independent certified
13 public accountant within 6 months after the end of the fiscal
14 year.

15 (g) Has a governing body that is comprised entirely of
16 nonprofit organization officials.

17 (h) Uses knowledgeable persons or business entities to
18 administer or service the fund in the areas of claims
19 administration, claims adjusting, underwriting, risk
20 management, loss control, policy administration, financial
21 audit, and legal. Such persons or business entities must meet
22 all applicable requirements of law for state licensure and
23 must have at least 5 years' experience with commercial
24 self-insurance funds formed under s. 624.462, self-insurance
25 funds formed under s. 624.4662, or domestic insurers.

26 (i) Submits to the office copies of contracts used for
27 its members which clearly establish the liability of each
28 member for the obligations of the fund.

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

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

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

6 (a) Subject to the premium tax imposed by s. 624.509;

7 (b) An insurer for purposes of participation in, or
8 coverage by, any insurance guaranty association established by
9 chapter 631; or

10 (c) Subject to s. 624.4621 and is not required to file
11 any report with the department under s. 440.38(2)(b) which is
12 uniquely required of group self-insurer funds qualified under
13 s. 624.4621.

14 (4) If any of the requirements of this section are not
15 met, a nonprofit organization self-insurance fund is subject
16 to the requirements of s. 624.4621 if the fund provides only
17 workers' compensation coverage, or is subject to the
18 requirements of ss. 624.460-624.488 if the fund provides
19 coverage for other property, casualty, or surety risks.

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