

By Senator Garcia

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A bill to be entitled

An act relating to corporation not for profit self-insurance funds; creating s. 624.4624, F.S.; authorizing two or more corporations not for profit to form a self-insurance fund for certain purposes; providing specific requirements; providing an effective date.

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

Section 1. 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 property or casualty risk or surety insurance or securing the payment of benefits under chapter 440, provided the nonprofit organization self-insurance fund that is created:

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

(b) Requires for qualification that each participating member receive at least 75 percent of its revenues from local, state, or federal governmental sources.

(c) Uses an actuary credentialed by the Casualty Actuarial Society or the American Academy of Actuaries to determine rates. Rates and rating factors must be established

1 using accepted actuarial principles to develop rates that are  
2 not excessive, inadequate, or nondiscriminatory.

3 (d) 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, independent actuary. At a minimum, this program  
7 must:

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

10 2. Retain a maximum per-loss occurrence of 2 percent  
11 of normal premiums or \$350,000, whichever is less.

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

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

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

25 (2) A corporation not for profit self-insurance fund  
26 that meets the requirements of this section is not subject to  
27 s. 624.4621 and is not required to file any report with the  
28 department under s. 440.38(2)(b) which is uniquely required of  
29 group self-insurer funds qualified under s. 624.4621. If any  
30 of the requirements of this section are not met, the nonprofit  
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1 organization self-insurance fund is subject to the  
2 requirements of s. 624.4621.

3 Section 2. This act shall take effect July 1, 2006.

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6 SENATE SUMMARY

7 Authorizes two or more nonprofit organizations to form a  
8 self-insurance fund. Provides requirements for the fund.  
9 Exempts the fund from the self-insurance premium tax  
10 under certain circumstances.

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