

HB 517

2006
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CHAMBER ACTION

1 The Insurance Committee recommends the following:

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3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

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

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

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15 Section 1. Section 624.4624, Florida Statutes, is created
16 to read:

17 624.4624 Corporation not for profit self-insurance
18 funds.--

19 (1) Notwithstanding any other provision of law, any two or
20 more corporations not for profit located in and organized under
21 the laws of this state may form a self-insurance fund for the
22 purpose of pooling and spreading liabilities of its group
23 members in any property or casualty risk or surety insurance or

HB 517

2006
CS

24 securing the payment of benefits under chapter 440, provided the
25 corporation not for profit self-insurance fund that is created:

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

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

30 (c) Uses an actuary credentialed by the Casualty Actuarial
31 Society or American Academy of Actuaries to determine rates.
32 Rates and rating factors must be established using accepted
33 actuarial principles to develop rates that are not excessive,
34 inadequate, or discriminatory.

35 (d) Maintains a continuing program of excess insurance
36 coverage and reserve evaluation to protect the financial
37 stability of the fund in an amount and manner determined by a
38 qualified, independent actuary. At a minimum, this program must:

39 1. Purchase excess insurance from authorized insurance
40 carriers.

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

43 (e) Submits to the office annually an audited fiscal year-
44 end financial statement by an independent certified public
45 accountant within 6 months after the end of the fiscal year.

46 (f) Has a governing body that is comprised entirely of
47 corporation not for profit officials.

48 (g) Uses knowledgeable persons to administer or service
49 the fund in claims administration, claims adjusting,
50 underwriting, risk management, loss control, policy
51 administration, financial audit, and legal areas. Such persons

HB 517

2006
CS

52 must have at least 5 years' experience with commercial self-
53 insurance funds formed under s. 624.462, self-insurance funds
54 formed under s. 624.4622, or with domestic insurers.

55 (2) A corporation not for profit self-insurance fund that
56 meets the requirements of this section is not subject to s.
57 624.4621 and is not required to file any report with the
58 department under s. 440.38(2)(b) which is uniquely required of
59 group self-insurer funds qualified under s. 624.4621. If any of
60 the requirements of this section are not met, the corporation
61 not for profit self-insurance fund is subject to the
62 requirements of s. 624.4621.

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