

CHAMBER ACTION

1 The State Administration Appropriations Committee recommends the
2 following:

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 for
11 payment of insurance premium tax at a reduced rate by
12 corporation not for profit self-insurance funds; providing
13 an effective date.

14
15 Be It Enacted by the Legislature of the State of Florida:

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17 Section 1. Section 624.4624, Florida Statutes, is created
18 to read:

19 624.4624 Corporation not for profit self-insurance
20 funds.--

21 (1) Notwithstanding any other provision of law, any two or
22 more corporations not for profit located in and organized under
23 the laws of this state may form a self-insurance fund for the

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24 purpose of pooling and spreading liabilities of its group
25 members in any property or casualty risk or surety insurance or
26 securing the payment of benefits under chapter 440, provided the
27 corporation not for profit self-insurance fund that is created:

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

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

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

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

41 1. Purchase excess insurance from authorized insurance
42 carriers.

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

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

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

50 (g) Uses knowledgeable persons to administer or service
51 the fund in claims administration, claims adjusting,

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52 | underwriting, risk management, loss control, policy
53 | administration, financial audit, and legal areas. Such persons
54 | must have at least 5 years' experience with commercial self-
55 | insurance funds formed under s. 624.462, self-insurance funds
56 | formed under s. 624.4622, or with domestic insurers.

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

65 | (3) Premiums, contributions, and assessments received by a
66 | corporation not for profit self-insurance fund are subject to
67 | ss. 624.509(1) and (2) and 624.5092, except the tax rate shall
68 | be 1.6 percent of the gross amount of such premiums,
69 | contributions, and assessments.

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