

1 | fiscal year and the events of any prior period that affect the
2 | present financial condition of the insurer. ~~In lieu of making~~
3 | ~~its own examination, the office may accept an independent~~
4 | ~~certified public accountant's audit report prepared on a~~
5 | ~~statutory basis consistent with the Florida Insurance Code on~~
6 | ~~that specific company. The office may not accept the report in~~
7 | ~~lieu of the requirement imposed by paragraph (1)(b). When an~~
8 | ~~examination is conducted by the office for the sole purpose of~~
9 | ~~examining the 3 preceding fiscal years of the insurer within~~
10 | ~~12 months after the opinion date of an independent certified~~
11 | ~~public accountant's audit report prepared on a statutory basis~~
12 | ~~on that specific company consistent with the Florida Insurance~~
13 | ~~Code, the cost of the examination as charged to the insurer~~
14 | ~~pursuant to s. 624.320 shall be reduced by the cost to the~~
15 | ~~insurer of the independent certified public accountant's audit~~
16 | ~~reports. Requests for the reduction in cost of examination~~
17 | ~~must be submitted to the office in writing no later than 90~~
18 | ~~days after the conclusion of the examination and shall include~~
19 | ~~sufficient documentation to support the charges incurred for~~
20 | ~~the statutory audit performed by the independent certified~~
21 | ~~public accountant.~~

22 | (b) The office shall examine each insurer applying for
23 | an initial certificate of authority to transact insurance in
24 | this state before granting the initial certificate.

25 | (c) In lieu of making its own examination, the office
26 | may accept a full report of the last recent examination of a
27 | foreign insurer, certified to by the insurance supervisory
28 | official of another state.

29 | (d) The examination by the office of an alien insurer
30 | shall be limited to the alien insurer's insurance transactions
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1 and affairs in the United States, except as otherwise required
2 by the office.

3 (e) The commission shall adopt rules providing that,
4 ~~upon agreement between the office and the insurer,~~ an
5 examination under this section may be conducted by independent
6 certified public accountants, actuaries, investment
7 specialists, information technology specialists meeting
8 ~~criteria specified by rule,~~ and reinsurance specialists
9 meeting criteria specified by rule. The rules shall provide:

10 1. ~~That the agreement of the insurer is not required~~
11 ~~if the office reasonably suspects criminal misconduct on the~~
12 ~~part of the insurer.~~

13 2. ~~That the office shall provide the insurer with a~~
14 ~~list of three firms acceptable to the office, and that the~~
15 ~~insurer shall select the firm to conduct the examination from~~
16 ~~the list provided by the office.~~

17 1.3. That the insurer being examined must make payment
18 for the examination directly to the firm performing the
19 examination in accordance with the rates and terms established
20 ~~agreed to~~ by the office, ~~the insurer,~~ and the firm performing
21 the examination.

22 2. That the rates charged to the insurer being
23 examined are consistent with rates charged by other firms in a
24 similar profession and are comparable with the rates charged
25 for comparable examinations.

26 3. That the firm selected by the office to perform the
27 examination has no conflicts of interest which might affect
28 its ability to independently perform its responsibilities with
29 respect to the examination.

30 4. ~~That if the examination is conducted without the~~
31 ~~consent of the insurer, the insurer must pay all reasonable~~

1 ~~charges of the examining firm if the examination finds~~
2 ~~impairment, insolvency, or criminal misconduct on the part of~~
3 ~~the insurer.~~

4 (f) ~~1.~~

5 ~~a.~~ An examination under this section must be conducted
6 at least once every year with respect to a domestic insurer
7 that has continuously held a certificate of authority for less
8 than 3 years. The examination must cover the preceding fiscal
9 year or the period since the last examination of the insurer.
10 The office may limit the scope of the examination.

11 ~~b.~~ ~~The office may not accept an independent certified~~
12 ~~public accountant's audit report in lieu of an examination~~
13 ~~required by this subparagraph.~~

14 ~~c.~~ ~~An insurer may not be required to pay more than~~
15 ~~\$25,000 to cover the costs of any one examination under this~~
16 ~~subparagraph.~~

17 ~~2.~~ ~~An examination under this section must be conducted~~
18 ~~not less frequently than once every 5 years with respect to an~~
19 ~~insurer that has continuously held a certificate of authority,~~
20 ~~without a change in ownership subject to s. 624.4245 or s.~~
21 ~~628.461, for more than 15 years. The examination must cover~~
22 ~~the preceding 5 fiscal years of the insurer or the period~~
23 ~~since the last examination of the insurer. This subparagraph~~
24 ~~does not limit the ability of the office to conduct more~~
25 ~~frequent examinations.~~

26 Section 2. This act shall take effect July 1, 2007.
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SENATE SUMMARY

Extends the interval at which insurers must be examined by the Office of Insurance Regulation. Deletes provisions allowing the office to accept an audit report from a certified public accountant in lieu of conducting its own examination. Provides for investment specialists and information technology specialists to conduct the examinations. Modifies rules for conducting insurer examinations. Removes certain examination requirements.