

Bill No. SB 4-A

Barcode 482314

CHAMBER ACTION

Senate

House

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

Senate Amendment (with title amendment)

On page 83, between lines 6 and 7,

insert:

Section 18. Section 624.4625, Florida Statutes, is created to read:

624.4625 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 one or combination of property or casualty risk, provided the corporation not for profit self-insurance fund that is created:

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

(b) Requires for qualification that each participating

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1 member receive at least 75 percent of its revenues from local,
2 state, or federal governmental sources or a combination of
3 such sources.

4 (c) Uses a qualified actuary to determine rates using
5 accepted actuarial principles and annually submits to the
6 office a certification by the actuary that the rates are
7 actuarially sound and are not inadequate, as defined in s.
8 627.062.

9 (d) Uses a qualified actuary to establish reserves for
10 loss and loss adjustment expenses and annually submits to the
11 office a certification by the actuary that the loss and loss
12 adjustment expense reserves are adequate. If the actuary
13 determines that reserves are not adequate, the fund shall file
14 with the office a remedial plan for increasing the reserves or
15 otherwise addressing the financial condition of the fund,
16 subject to a determination by the office that the fund will
17 operate on an actuarially sound basis and the fund does not
18 pose a significant risk of insolvency.

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

23 1. Purchase excess insurance from authorized insurance
24 carriers.

25 2. Retain a per-loss occurrence that does not exceed
26 \$350,000.

27 (f) Submits to the office annually an audited fiscal
28 year-end financial statement by an independent certified
29 public accountant within 6 months after the end of the fiscal
30 year.

31 (g) Has a governing body that is comprised entirely of

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1 officials from corporations not for profit that are members of
2 the corporation not-for-profit self-insurance fund.

3 (h) Uses knowledgeable persons or business entities to
4 administer or service the fund in the areas of claims
5 administration, claims adjusting, underwriting, risk
6 management, loss control, policy administration, financial
7 audit, and legal areas. Such persons must meet all applicable
8 requirements of law for state licensure and must have at least
9 5 years' experience with commercial self-insurance funds
10 formed under s. 624.462, self-insurance funds formed under s.
11 624.4622, or domestic insurers.

12 (i) Submits to the office copies of contracts used for
13 its members that clearly establish the liability of each
14 member for the obligations of the fund.

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

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

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

23 (a) An insurer for purposes of participation in or
24 coverage by any insurance guaranty association established by
25 chapter 631; or

26 (b) Subject to s. 624.4621 and is not required to file
27 any report with the department under s. 440.38(2)(b) that is
28 uniquely required of group self-insurer funds qualified under
29 s. 624.4621.

30 (4) Premiums, contributions, and assessments received
31 by a corporation not-for-profit self-insurance fund are

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1 subject to ss. 624.509(1) and (2) and 624.5092, except that
2 the tax rate shall be 1.6 percent of the gross amount of such
3 premiums, contributions, and assessments.

4 (5) If any of the requirements of subsection (1) are
5 not met, a corporation not-for-profit self-insurance fund is
6 subject to the requirements of s. 624.4621 if the fund
7 provides only workers' compensation coverage or is subject to
8 the requirements of ss. 624.460-624.488 if the fund provides
9 coverage for other property, casualty, or surety risks.

10

11 (Redesignate subsequent sections.)

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14 ===== T I T L E A M E N D M E N T =====

15 And the title is amended as follows:

16 On page 6, line 1, after the first semicolon,

17

18 insert:

19 creating s. 624.4625, F.S.; authorizing two or
20 more corporations not for profit to form a
21 self-insurance fund for certain purposes;
22 providing specific requirements; providing a
23 definition; providing limitations; providing
24 for application of certain provisions to
25 certain premiums, contributions, and
26 assessments; providing for payment of insurance
27 premium tax at a reduced rate by corporation
28 not-for-profit self-insurance funds; subjecting
29 a corporation not for profit self-insurance
30 fund to certain group self-insurance fund
31 provisions under certain circumstances;