

By the Committee on Communications, Energy, and Public Utilities; and Senator Gaetz

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1 A bill to be entitled
 2 An act relating to self-insurance funds; creating s.
 3 624.4626, F.S.; authorizing any two or more electric
 4 cooperatives to operate a self-insurance fund for
 5 certain purposes; providing for membership in the
 6 fund; requiring that the fund fulfill certain
 7 criteria; providing for the applicability of certain
 8 assessments and certain provisions of state law to
 9 such a fund; amending s. 624.472, F.S.; requiring that
 10 an application for insurance and a policy contain
 11 certain statements printed in boldface type; amending
 12 s. 631.904, F.S.; exempting certain self-insurance
 13 funds from specified provisions of state law;
 14 providing an effective date.

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

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 18 Section 1. Section 624.4626, Florida Statutes, is created
 19 to read:

20 624.4626 Electric cooperative self-insurance funds.-

21 (1) Notwithstanding any other provision of law, any two or
 22 more electric cooperatives organized pursuant to chapter 425 may
 23 operate a self-insurance fund for the purpose of pooling and
 24 spreading liabilities of group members in securing the payment
 25 of benefits under chapter 440. A self-insurance fund established
 26 under this section must:

27 (a) Require that every member of the fund be jointly and
 28 severally liable for the obligations of the fund;

29 (b) Maintain a continuing program of excess insurance

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30 coverage and reserve evaluation to protect the financial
31 stability of the fund in an amount and manner determined by a
32 qualified and independent actuary;

33 (c) Subscribe to, or be a member of, a rating organization
34 as prescribed in s. 627.231;

35 (d) Employ an independent certified public accountant to
36 complete an audit of its fiscal year-end financial statement
37 within 6 months after the end of the fiscal year;

38 (e) Have a governing body comprised of a representative
39 from each member of the fund;

40 (f) Limit membership in the fund to electric cooperatives
41 operating in this state, their subsidiaries, and the current
42 members of the Florida Rural Electric Self-Insurer's Fund; and

43 (g) Provide members of the fund, at renewal, a disclosure
44 statement notifying the members that the fund is not regulated
45 by the Office of insurance Regulation.

46 (2) A self-insurance fund meeting the requirements of this
47 section is subject to the assessments set forth in s.
48 624.4621(7) and is subject to the assessments set forth in
49 ss.440.49(9) and 440.51(1), but is not subject to any other
50 provision of s. 624.4621 and is not required to file any report
51 with the department under s. 440.38(2)(b) which is uniquely
52 required of group self-insurer funds qualified under s.
53 624.4621.

54 Section 2. Subsection (3) of section 624.472, Florida
55 Statutes, is amended to read:

56 624.472 Member's liability.—

57 (3) Each policy issued by the fund shall contain a
58 statement of the contingent liability. Both the application for

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59 insurance and the policy shall contain, in boldface ~~contrasting~~
60 ~~color~~ and in not less than 10-point type, the following
61 statements: "This is a fully assessable policy. If ~~In the event~~
62 the fund is unable to pay its obligations, policyholders will be
63 required to contribute on a pro rata earned premium basis the
64 money necessary to meet any unfilled obligations." In lieu of
65 the notice provided for above, a fund with governmental entity
66 members shall provide the following notice to members other than
67 governmental entities: "This is a fully assessable policy. In
68 the event the fund is unable to pay its obligations related to
69 members which are not governmental entities, the policyholders
70 which are not governmental entities will be required to
71 contribute on a pro rata earned premium basis the money
72 necessary to meet any such unfilled obligations." A fund with
73 governmental entity members shall provide the following notice
74 to governmental entity members: "This is a fully assessable
75 policy. In the event the fund is unable to pay its obligations
76 related to governmental entity members, governmental entity
77 policyholders will be required to contribute on a pro rata
78 earned premium basis the money necessary to meet any such
79 unfilled obligations." If the application is signed by the
80 applicant, it must be conclusively presumed that there was an
81 informed, knowing acceptance of the assessment liability that
82 exists as a result of participation in the fund.

83 Section 3. Subsection (6) of section 631.904, Florida
84 Statutes, is amended to read:

85 631.904 Definitions.—As used in this part, the term:

86 (6) "Self-insurance fund" means a group self-insurance fund
87 authorized under s. 624.4621, a commercial self-insurance fund

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88 writing workers' compensation insurance authorized under s.
89 624.462, or an assessable mutual insurer authorized under s.
90 628.6011. For purposes of this act, "self-insurance fund" does
91 not include a qualified local government self-insurance fund, as
92 defined in s. 624.4622, an independent educational institution
93 self-insurance fund as defined in s. 624.4623, an electric
94 cooperative self-insurance fund as defined in s. 624.4626, or an
95 individual self-insurer as defined in s. 440.385.

96 Section 4. This act shall take effect July 1, 2009.