

ENROLLED

CS/CS/CS/HB 569, Engrossed 2

2009 Legislature

1                                   A bill to be entitled  
 2           An act relating to financial instruments; amending s.  
 3           17.57, F.S.; deleting a provision relating to concurrent  
 4           deposits by a unit of local government and customers of  
 5           other federally insured financial institutions; requiring  
 6           that the Chief Financial Officer and local governments  
 7           deposit surplus funds in financial deposit instruments  
 8           insured by the Federal Deposit Insurance Corporation  
 9           rather than in certificates of deposit; amending s.  
 10          218.415, F.S.; requiring that the Chief Financial Officer  
 11          and local governments deposit surplus funds in financial  
 12          deposit instruments insured by the Federal Deposit  
 13          Insurance Corporation rather than in certificates of  
 14          deposit; deleting a provision relating to concurrent  
 15          deposits by a unit of local government and customers of  
 16          other federally insured financial institutions; amending  
 17          s. 532.01, F.S.; including payroll debit cards under  
 18          requirements applicable to payment instruments; amending  
 19          s. 215.555, F.S.; revising the dates of an insurer's  
 20          contract year for purposes of calculating the insurer's  
 21          retention; revising reimbursement contract coverage  
 22          payment provisions; extending application of provisions  
 23          relating to reimbursement contracts; providing an  
 24          effective date.

25  
 26    Be It Enacted by the Legislature of the State of Florida:

27  
 28           Section 1.   Subsection (7) of section 17.57, Florida

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29 Statutes, is amended to read:

30 17.57 Deposits and investments of state money.--

31 (7) In addition to the deposits authorized under this  
 32 section and notwithstanding any other provisions of law, funds  
 33 that are not needed to meet the disbursement needs of the state  
 34 may be deposited by the Chief Financial Officer in accordance  
 35 with the following conditions:

36 (a) The funds are initially deposited in a qualified  
 37 public depository, as defined in s. 280.02, selected by the  
 38 Chief Financial Officer.

39 (b) The selected depository arranges for depositing the  
 40 ~~deposit of~~ the funds in financial deposit instruments insured by  
 41 the Federal Deposit Insurance Corporation certificates of  
 42 ~~deposit~~ in one or more federally insured banks or savings and  
 43 loan associations, wherever located, for the account of the  
 44 state.

45 (c) The full amount of the principal and accrued interest  
 46 of each financial deposit instrument ~~such certificate of deposit~~  
 47 is insured by the Federal Deposit Insurance Corporation.

48 (d) The selected depository acts as custodian for the  
 49 state with respect to each financial deposit instrument ~~such~~  
 50 ~~certificates of deposit~~ issued for its account.

51 ~~(e) At the same time the state's funds are deposited and~~  
 52 ~~the certificates of deposit are issued, the selected depository~~  
 53 ~~receives an amount of deposits from customers of other federally~~  
 54 ~~insured financial institutions, wherever located, equal to or~~  
 55 ~~greater than the amount of the funds initially invested by the~~  
 56 ~~Chief Financial Officer through the selected depository.~~

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57 Section 2. Paragraphs (b), (c), (d), and (e) of subsection  
58 (23) of section 218.415, Florida Statutes, are amended to read:

59 218.415 Local government investment policies.--Investment  
60 activity by a unit of local government must be consistent with a  
61 written investment plan adopted by the governing body, or in the  
62 absence of the existence of a governing body, the respective  
63 principal officer of the unit of local government and maintained  
64 by the unit of local government or, in the alternative, such  
65 activity must be conducted in accordance with subsection (17).  
66 Any such unit of local government shall have an investment  
67 policy for any public funds in excess of the amounts needed to  
68 meet current expenses as provided in subsections (1)-(16), or  
69 shall meet the alternative investment guidelines contained in  
70 subsection (17). Such policies shall be structured to place the  
71 highest priority on the safety of principal and liquidity of  
72 funds. The optimization of investment returns shall be secondary  
73 to the requirements for safety and liquidity. Each unit of local  
74 government shall adopt policies that are commensurate with the  
75 nature and size of the public funds within its custody.

76 (23) AUTHORIZED DEPOSITS.--In addition to the investments  
77 authorized for local governments in subsections (16) and (17)  
78 and notwithstanding any other provisions of law, a unit of local  
79 government may deposit any portion of surplus public funds in  
80 its control or possession in accordance with the following  
81 conditions:

82 (b) The selected depository arranges for depositing the  
83 deposit of the funds in financial deposit instruments insured by  
84 the Federal Deposit Insurance Corporation certificates of

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85 ~~deposit~~ in one or more federally insured banks or savings and  
 86 loan associations, wherever located, for the account of the unit  
 87 of local government.

88 (c) The full amount of the principal and accrued interest  
 89 of each financial deposit instrument ~~such certificate of deposit~~  
 90 is insured by the Federal Deposit Insurance Corporation.

91 (d) The selected depository acts as custodian for the unit  
 92 of local government with respect to each financial deposit  
 93 instrument ~~such certificates of deposit~~ issued for its account.

94 ~~(e) At the same time the unit of local government's funds~~  
 95 ~~are deposited and the certificates of deposit are issued, the~~  
 96 ~~selected depository receives an amount of deposits from~~  
 97 ~~customers of other federally insured financial institutions,~~  
 98 ~~wherever located, equal to or greater than the amount of the~~  
 99 ~~funds initially invested by the unit of local government through~~  
 100 ~~the selected depository.~~

101 Section 3. Section 532.01, Florida Statutes, is amended to  
 102 read:

103 532.01 Payment by check, draft, or other order for  
 104 payment.--Any order, check, draft, note, memorandum, payroll  
 105 debit card, or other acknowledgment of indebtedness issued in  
 106 payment of wages or salary due or to become due must be  
 107 negotiable and payable in cash, on demand, without discount, at  
 108 some established place of business in the state, the name and  
 109 address of which must appear on the instrument or in the payroll  
 110 debit card issuing materials, and at the time of its issuance,  
 111 and for a reasonable time thereafter, which must be at least 30  
 112 days, the maker or drawer must have sufficient funds or credit,

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113 arrangement, or understanding with the drawee for its payment.

114 Section 4. Paragraph (b) of subsection (4) of section  
 115 215.555, Florida Statutes, is amended to read:

116 215.555 Florida Hurricane Catastrophe Fund.--

117 (4) REIMBURSEMENT CONTRACTS.--

118 (b)1. The contract shall contain a promise by the board to  
 119 reimburse the insurer for 45 percent, 75 percent, or 90 percent  
 120 of its losses from each covered event in excess of the insurer's  
 121 retention, plus 5 percent of the reimbursed losses to cover loss  
 122 adjustment expenses.

123 2. The insurer must elect one of the percentage coverage  
 124 levels specified in this paragraph and may, upon renewal of a  
 125 reimbursement contract, elect a lower percentage coverage level  
 126 if no revenue bonds issued under subsection (6) after a covered  
 127 event are outstanding, or elect a higher percentage coverage  
 128 level, regardless of whether or not revenue bonds are  
 129 outstanding. All members of an insurer group must elect the same  
 130 percentage coverage level. Any joint underwriting association,  
 131 risk apportionment plan, or other entity created under s.  
 132 627.351 must elect the 90-percent coverage level.

133 3. The contract shall provide that reimbursement amounts  
 134 shall not be reduced by reinsurance paid or payable to the  
 135 insurer from other sources.

136 4. Notwithstanding any other provision contained in this  
 137 section, the board shall make available to insurers that  
 138 purchased coverage provided by this subparagraph in 2008 ~~2007~~,  
 139 insurers qualifying as limited apportionment companies under s.  
 140 627.351(6)(c), and insurers that have been approved to

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141 participate in the Insurance Capital Build-Up Incentive Program  
142 pursuant to s. 215.5595 a contract or contract addendum that  
143 provides an additional amount of reimbursement coverage of up to  
144 \$10 million. The premium to be charged for this additional  
145 reimbursement coverage shall be 50 percent of the additional  
146 reimbursement coverage provided, which shall include one prepaid  
147 reinstatement. The minimum retention level that an eligible  
148 participating insurer must retain associated with this  
149 additional coverage layer is 30 percent of the insurer's surplus  
150 as of December 31, 2008, for the 2009-2010 contract year; as of  
151 December 31, 2009, for the contract year beginning June 1, 2010,  
152 and ending December 31, 2010; and as of December 31, 2010, for  
153 the 2011 contract year ~~2007~~. This coverage shall be in addition  
154 to all other coverage that may be provided under this section.  
155 The coverage provided by the fund under this subparagraph shall  
156 be in addition to the claims-paying capacity as defined in  
157 subparagraph (c)1., but only with respect to those insurers that  
158 select the additional coverage option and meet the requirements  
159 of this subparagraph. The claims-paying capacity with respect to  
160 all other participating insurers and limited apportionment  
161 companies that do not select the additional coverage option  
162 shall be limited to their reimbursement premium's proportionate  
163 share of the actual claims-paying capacity otherwise defined in  
164 subparagraph (c)1. and as provided for under the terms of the  
165 reimbursement contract. The optional coverage retention as  
166 specified shall be accessed before the mandatory coverage under  
167 the reimbursement contract, but once the limit of coverage  
168 selected under this option is exhausted, the insurer's retention

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169 | under the mandatory coverage shall apply. This coverage shall  
170 | apply and be paid concurrently with the mandatory coverage.  
171 | ~~Coverage provided in the reimbursement contract shall not be~~  
172 | ~~affected by the additional premiums paid by participating~~  
173 | ~~insurers exercising the additional coverage option allowed in~~  
174 | ~~this subparagraph.~~ This subparagraph expires on December ~~May~~ 31,  
175 | 2011 ~~2009~~.  
176 |       Section 5. This act shall take effect July 1, 2009.