

2009732e1

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

23
24 Be It Enacted by the Legislature of the State of Florida:

25
26 Section 1. Subsection (7) of section 17.57, Florida
27 Statutes, is amended to read:

28 17.57 Deposits and investments of state money.—

29 (7) In addition to the deposits authorized under this

2009732e1

30 section and notwithstanding any other provisions of law, funds
31 that are not needed to meet the disbursement needs of the state
32 may be deposited by the Chief Financial Officer in accordance
33 with the following conditions:

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

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

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

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

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

55 Section 2. Paragraph (b) of subsection (4) of section
56 215.555, Florida Statutes, is amended to read:

57 215.555 Florida Hurricane Catastrophe Fund.—

58 (4) REIMBURSEMENT CONTRACTS.—

2009732e1

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

64 2. The insurer must elect one of the percentage coverage
65 levels specified in this paragraph and may, upon renewal of a
66 reimbursement contract, elect a lower percentage coverage level
67 if no revenue bonds issued under subsection (6) after a covered
68 event are outstanding, or elect a higher percentage coverage
69 level, regardless of whether or not revenue bonds are
70 outstanding. All members of an insurer group must elect the same
71 percentage coverage level. Any joint underwriting association,
72 risk apportionment plan, or other entity created under s.
73 627.351 must elect the 90-percent coverage level.

74 3. The contract shall provide that reimbursement amounts
75 shall not be reduced by reinsurance paid or payable to the
76 insurer from other sources.

77 4. Notwithstanding any other provision contained in this
78 section, the board shall make available to insurers that
79 purchased coverage provided by this subparagraph in 2008 ~~2007~~,
80 insurers qualifying as limited apportionment companies under s.
81 627.351(6)(c), and insurers that have been approved to
82 participate in the Insurance Capital Build-Up Incentive Program
83 pursuant to s. 215.5595 a contract or contract addendum that
84 provides an additional amount of reimbursement coverage of up to
85 \$10 million. The premium to be charged for this additional
86 reimbursement coverage shall be 50 percent of the additional
87 reimbursement coverage provided, which shall include one prepaid

2009732e1

88 reinstatement. The minimum retention level that an eligible
89 participating insurer must retain associated with this
90 additional coverage layer is 30 percent of the insurer's surplus
91 as of December 31, 2008, for the 2009-2010 contract year; as of
92 December 31, 2009, for the contract year beginning June 1, 2010,
93 and ending December 31, 2010; and as of December 31, 2010, for
94 the 2011 contract year 2007. This coverage shall be in addition
95 to all other coverage that may be provided under this section.
96 The coverage provided by the fund under this subparagraph shall
97 be in addition to the claims-paying capacity as defined in
98 subparagraph (c)1., but only with respect to those insurers that
99 select the additional coverage option and meet the requirements
100 of this subparagraph. The claims-paying capacity with respect to
101 all other participating insurers and limited apportionment
102 companies that do not select the additional coverage option
103 shall be limited to their reimbursement premium's proportionate
104 share of the actual claims-paying capacity otherwise defined in
105 subparagraph (c)1. and as provided for under the terms of the
106 reimbursement contract. The optional coverage retention as
107 specified shall be accessed before the mandatory coverage under
108 the reimbursement contract, but once the limit of coverage
109 selected under this option is exhausted, the insurer's retention
110 under the mandatory coverage shall apply. Such coverage shall
111 apply and must be paid concurrently with the mandatory coverage.
112 ~~Coverage provided in the reimbursement contract shall not be~~
113 ~~affected by the additional premiums paid by participating~~
114 ~~insurers exercising the additional coverage option allowed in~~
115 ~~this subparagraph.~~ This subparagraph expires on December ~~May~~ 31,
116 2011 ~~2009~~.

2009732e1

117 Section 3. Paragraphs (b), (c), (d), and (e) of subsection
118 (23) of section 218.415, Florida Statutes, are amended to read:
119 218.415 Local government investment policies.—Investment
120 activity by a unit of local government must be consistent with a
121 written investment plan adopted by the governing body, or in the
122 absence of the existence of a governing body, the respective
123 principal officer of the unit of local government and maintained
124 by the unit of local government or, in the alternative, such
125 activity must be conducted in accordance with subsection (17).
126 Any such unit of local government shall have an investment
127 policy for any public funds in excess of the amounts needed to
128 meet current expenses as provided in subsections (1)-(16), or
129 shall meet the alternative investment guidelines contained in
130 subsection (17). Such policies shall be structured to place the
131 highest priority on the safety of principal and liquidity of
132 funds. The optimization of investment returns shall be secondary
133 to the requirements for safety and liquidity. Each unit of local
134 government shall adopt policies that are commensurate with the
135 nature and size of the public funds within its custody.

136 (23) AUTHORIZED DEPOSITS.—In addition to the investments
137 authorized for local governments in subsections (16) and (17)
138 and notwithstanding any other provisions of law, a unit of local
139 government may deposit any portion of surplus public funds in
140 its control or possession in accordance with the following
141 conditions:

142 (b) The selected depository arranges for depositing the
143 deposit of the funds in financial deposit instruments insured by
144 the Federal Deposit Insurance Corporation certificates of
145 deposit in one or more federally insured banks or savings and

2009732e1

146 loan associations, wherever located, for the account of the unit
147 of local government.

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

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

154 ~~(e) At the same time the unit of local government's funds~~
155 ~~are deposited and the certificates of deposit are issued, the~~
156 ~~selected depository receives an amount of deposits from~~
157 ~~customers of other federally insured financial institutions,~~
158 ~~wherever located, equal to or greater than the amount of the~~
159 ~~funds initially invested by the unit of local government through~~
160 ~~the selected depository.~~

161 Section 4. Section 532.01, Florida Statutes, is amended to
162 read:

163 532.01 Payment by check, draft, or other order for
164 payment.—Any order, check, draft, note, memorandum, payroll
165 debit card, or other acknowledgment of indebtedness issued in
166 payment of wages or salary due or to become due must be
167 negotiable and payable in cash, on demand, without discount, at
168 some established place of business in the state, the name and
169 address of which must appear on the instrument or in the payroll
170 debit card issuing materials, and at the time of its issuance,
171 and for a reasonable time thereafter, which must be at least 30
172 days, the maker or drawer must have sufficient funds or credit,
173 arrangement, or understanding with the drawee for its payment.

174 Section 5. This act shall take effect July 1, 2009.