



585216

LEGISLATIVE ACTION

Senate

House

.
. .
. .
. .
. .

Floor: 10/AD/2R

04/23/2010 01:55 PM

Senator Richter moved the following:

Senate Amendment (with title amendment)

Between lines 561 and 562

insert:

Section 5. Subsection (8) of section 624.424, Florida Statutes, is amended to read:

624.424 Annual statement and other information.—

(8) (a) All authorized insurers must have conducted an annual audit by an independent certified public accountant and must file an audited financial report with the office on or before June 1 for the preceding year ending December 31. The office may require an insurer to file an audited financial report earlier than June 1 upon 90 days' advance notice to the



585216

14 insurer. The office may immediately suspend an insurer's
15 certificate of authority by order if an insurer's failure to
16 file required reports, financial statements, or information
17 required by this subsection or rule adopted pursuant thereto
18 creates a significant uncertainty as to the insurer's continuing
19 eligibility for a certificate of authority.

20 (b) Any authorized insurer otherwise subject to this
21 section having direct premiums written in this state of less
22 than \$1 million in any calendar year and fewer than 1,000
23 policyholders or certificateholders of directly written policies
24 nationwide at the end of such calendar year is exempt from this
25 section for such year unless the office makes a specific finding
26 that compliance is necessary in order for the office to carry
27 out its statutory responsibilities. However, any insurer having
28 assumed premiums pursuant to contracts or treaties or
29 reinsurance of \$1 million or more is not exempt. Any insurer
30 subject to an exemption must submit by March 1 following the
31 year to which the exemption applies an affidavit sworn to by a
32 responsible officer of the insurer specifying the amount of
33 direct premiums written in this state and number of
34 policyholders or certificateholders.

35 (c) The board of directors of an insurer shall hire the
36 certified public accountant that prepares the audit required by
37 this subsection and the board shall establish an audit committee
38 of three or more directors of the insurer or an affiliated
39 company. The audit committee shall be responsible for discussing
40 audit findings and interacting with the certified public
41 accountant with regard to her or his findings. The audit
42 committee shall be comprised solely of members who are free from



585216

43 any relationship that, in the opinion of its board of directors,
44 would interfere with the exercise of independent judgment as a
45 committee member. The audit committee shall report to the board
46 any findings of adverse financial conditions or significant
47 deficiencies in internal controls that have been noted by the
48 accountant. The insurer may request the office to waive this
49 requirement of the audit committee membership based upon unusual
50 hardship to the insurer.

51 (d) An insurer may not use the same accountant or partner
52 of an accounting firm responsible for preparing the report
53 required by this subsection for more than 5 ~~7~~ consecutive years.
54 Following this period, the insurer may not use such accountant
55 or partner for a period of 5 ~~2~~ years, but may use another
56 accountant or partner of the same firm. An insurer may request
57 the office to waive this prohibition based upon an unusual
58 hardship to the insurer and a determination that the accountant
59 is exercising independent judgment that is not unduly influenced
60 by the insurer considering such factors as the number of
61 partners, expertise of the partners or the number of insurance
62 clients of the accounting firm; the premium volume of the
63 insurer; and the number of jurisdictions in which the insurer
64 transacts business.

65 (e) The commission shall adopt rules to implement this
66 subsection, which rules must be in substantial conformity with
67 the 1998 Model Rule Requiring Annual Audited Financial Reports
68 adopted by the National Association of Insurance Commissioners
69 or subsequent amendments, except where inconsistent with the
70 requirements of this subsection. Any exception to, waiver of, or
71 interpretation of accounting requirements of the commission must



72 be in writing and signed by an authorized representative of the
73 office. No insurer may raise as a defense in any action, any
74 exception to, waiver of, or interpretation of accounting
75 requirements, unless previously issued in writing by an
76 authorized representative of the office.

77
78 ===== T I T L E A M E N D M E N T =====

79 And the title is amended as follows:

80 Delete line 26

81 and insert:

82 a financial statement; F.S.; revising the frequency
83 that an insurer may use the same accountant or partner
84 to prepare an annual audited financial report;
85 amending s. 626.7452, F.S.; amending s. 624.424,