

By Senator Richter

37-01308A-10

20102084

1                   A bill to be entitled  
2           An act relating to minimum surplus requirements for  
3           mortgage guaranty insurers; amending s. 635.042, F.S.;  
4           authorizing the Commissioner of Insurance Regulation  
5           to permit a temporary exception to certain  
6           requirements under certain circumstances; revising  
7           authority of the Office of Insurance Regulation to  
8           take action against a noncomplying insurer under  
9           certain circumstances; providing an effective date.

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11 Be It Enacted by the Legislature of the State of Florida:

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13           Section 1. Section 635.042, Florida Statutes, is amended to  
14           read:

15           635.042 Minimum surplus requirement.—

16           (1) A mortgage guaranty insurer shall maintain a minimum  
17           surplus of not less than the greater of \$4 million or 10 percent  
18           of the insurer's total outstanding liabilities other than the  
19           required contingency reserve. A mortgage guaranty insurer is not  
20           required to have a surplus as to policyholders greater than \$100  
21           million.

22           (2) A mortgage guaranty insurer must possess sufficient  
23           capital and surplus so that the total outstanding aggregate  
24           exposure net of reinsurance under mortgage guaranty policies  
25           written by the insurer does not exceed 25 times its paid-in  
26           capital, surplus, and contingency reserve combined. A mortgage  
27           guaranty insurer shall disclose in the audited financial reports  
28           required under s. 624.424(8), the total aggregate exposure net  
29           of reinsurance under mortgage guaranty policies written by the

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30 insurer. The Commissioner of Insurance Regulation may permit a  
31 temporary exception to the requirements of this subsection at  
32 the written request of a mortgage guaranty insurer upon a  
33 finding that the mortgage guaranty insurer's financial position  
34 is reasonable in relationship to the mortgage guaranty insurer's  
35 aggregate insured risk and financial needs.

36 (3) If a mortgage guaranty insurer is not in compliance  
37 with this section and has not been permitted an exception as  
38 provided in subsection (2), the office may take any action  
39 against the insurer that the office may take against an insurer  
40 that is not in compliance with s. 624.408.

41 Section 2. This act shall take effect July 1, 2010.