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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/18/2011	.	
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	.	

The Committee on Budget (Montford) recommended the following:

Senate Amendment (with title amendment)

Between lines 35 and 36
insert:

Section 1. Subsection (11) of section 215.5595, Florida Statutes, is amended to read:

215.5595 Insurance Capital Build-Up Incentive Program.—

(11) For a surplus note issued under this section before January 1, 2011, the insurer may request that the board renegotiate terms of the note as provided in this subsection. The request must be submitted to the board by January 1, 2012. If the insurer agrees to accelerate the payment period of the note by at least 5 years, the board shall agree to exempt the



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14 insurer from the premium-to-surplus ratios required under
15 paragraph (2) (d). If the insurer requesting the renegotiation
16 agrees to an acceleration of the payment period of less than 5
17 years, the board may, after consultation with the Office of
18 Insurance Regulation, agree to an appropriate revision of the
19 premium-to-surplus ratios for the remaining term of the note.
20 However, the revised ratios may not be lower than a minimum
21 writing ratio of net premium to surplus of at least 1 to 1, and
22 alternatively, a minimum writing ratio of gross premium to
23 surplus of at least 3 to 1. ~~On January 15, 2009, the State Board~~
24 ~~of Administration shall transfer to Citizens Property Insurance~~
25 ~~Corporation any funds that have not been committed or reserved~~
26 ~~for insurers approved to receive such funds under the program,~~
27 ~~from the funds that were transferred from Citizens Property~~
28 ~~Insurance Corporation in 2008-2009 for such purposes.~~

29 Section 2. Paragraph (d) of subsection (8) of section
30 624.424, Florida Statutes, is amended to read:

31 624.424 Annual statement and other information.-

32 (8)

33 (d) An insurer may not use the same accountant or partner
34 of an accounting firm responsible for preparing the report
35 required by this subsection for more than 5 7 consecutive years.
36 Following this period, the insurer may not use such accountant
37 or partner for ~~a period of~~ 5 2 years, but may use another
38 accountant or partner of the same firm. An insurer may request
39 the office to waive this prohibition based upon an unusual
40 hardship to the insurer and a determination that the accountant
41 is exercising independent judgment that is not unduly influenced
42 by the insurer considering such factors as the number of



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43 partners, expertise of the partners or the number of insurance
44 clients of the accounting firm; the premium volume of the
45 insurer; and the number of jurisdictions in which the insurer
46 transacts business.

47 Section 3. Paragraph (e) of subsection (3) of section
48 624.610, Florida Statutes, is amended to read:

49 624.610 Reinsurance.—

50 (3)

51 (e) If the reinsurance is ceded to an assuming insurer not
52 meeting the requirements of paragraph (a), paragraph (b),
53 paragraph (c), or paragraph (d), the commissioner may allow
54 credit, but only if the assuming insurer holds surplus in excess
55 of \$250 ~~\$100~~ million and has a secure financial strength rating
56 from at least two ~~nationally recognized~~ statistical rating
57 organizations deemed acceptable by the commissioner as having
58 experience and expertise in rating insurers doing business in
59 this state, including, but not limited to, Standard & Poor's,
60 Moody's Investors Service, Fitch Ratings, A.M. Best Company, and
61 Demotech. In determining whether credit should be allowed, the
62 commissioner shall consider ~~the following~~:

63 1. The domiciliary regulatory jurisdiction of the assuming
64 insurer.

65 2. The structure and authority of the domiciliary regulator
66 with regard to solvency regulation requirements and the
67 financial surveillance of the reinsurer.

68 3. The substance of financial and operating standards for
69 reinsurers in the domiciliary jurisdiction.

70 4. The form and substance of financial reports required to
71 be filed by the reinsurers in the domiciliary jurisdiction or



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72 other public financial statements filed in accordance with
73 generally accepted accounting principles.

74 5. The domiciliary regulator's willingness to cooperate
75 with United States regulators in general and the office in
76 particular.

77 6. The history of performance by reinsurers in the
78 domiciliary jurisdiction.

79 7. Any documented evidence of substantial problems with the
80 enforcement of valid United States judgments in the domiciliary
81 jurisdiction.

82 8. Any other matters deemed relevant by the commissioner.
83 The commissioner shall give appropriate consideration to insurer
84 group ratings that may have been issued. ~~The commissioner may,~~
85 In lieu of granting full credit under this subsection, the
86 commissioner may reduce the amount required to be held in trust
87 under paragraph (c).

88
89 ===== T I T L E A M E N D M E N T =====

90 And the title is amended as follows:

91 Delete line 2

92 and insert:

93 An act relating to insurer insolvency; amending s.
94 215.5595, F.S.; authorizing a residential property
95 insurer to renegotiate a note issued by the Insurance
96 Capital Build-Up Program under certain circumstances;
97 amending s. 624.424, F.S.; revising the time
98 limitations on an insurer's use of the same accountant
99 for preparing its annual statement; amending s.
100 624.610, F.S.; specifying rating organizations to



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assess certain insurers providing reinsurance;
amending s.