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LEGISLATIVE ACTION

Senate

.

House

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Floor: WD/RM

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05/05/2011 06:29 PM

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Senator Fasano moved the following:

1 **Senate Amendment to Amendment (844961) (with title**
2 **amendment)**

3
4 Between lines 179 and 180
5 insert:

6 Section 7. Section 624.46226, Florida Statutes, is amended
7 to read:

8 624.46226 Public housing authorities self-insurance funds;
9 exemption for taxation and assessments.—

10 (1) Notwithstanding any other provision of law, any two or
11 more public housing authorities in the state as defined in
12 chapter 421 may form a self-insurance fund for the purpose of
13 pooling and spreading liabilities of its members as to any one



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14 or combination of casualty risk or real or personal property
15 risk of every kind and every interest in such property against
16 loss or damage from any hazard or cause and against any loss
17 consequential to such loss or damage, provided the self-
18 insurance fund that is created:

19 (a) Has annual normal premiums in excess of \$3.5 ~~\$5~~
20 million.

21 (b) Uses a qualified actuary to determine rates using
22 accepted actuarial principles and annually submits to the office
23 a certification by the actuary that the rates are actuarially
24 sound and are not inadequate, as defined in s. 627.062.

25 (c) Uses a qualified actuary to establish reserves for loss
26 and loss adjustment expenses and annually submits to the office
27 a certification by the actuary that the loss and loss adjustment
28 expense reserves are adequate. If the actuary determines that
29 reserves are not adequate, the fund shall file with the office a
30 remedial plan for increasing the reserves or otherwise
31 addressing the financial condition of the fund, subject to a
32 determination by the office that the fund will operate on an
33 actuarially sound basis and the fund does not pose a significant
34 risk of insolvency.

35 (d) Maintains a continuing program of excess insurance
36 coverage and reserve evaluation to protect the financial
37 stability of the fund in an amount and manner determined by a
38 qualified and independent actuary. At a minimum, this program
39 must:

40 1. Purchase excess insurance from authorized insurance
41 carriers or eligible surplus lines insurers.

42 2. Retain a per-loss occurrence that does not exceed the



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43 lesser of \$350,000 or the surplus of the fund as reported in the
44 immediately preceding audited fiscal year end financial
45 statement. If not identified as surplus in the audited financial
46 statements, surplus shall be the difference of the total assets
47 minus the total liabilities.

48 (e) Submits to the office annually an audited fiscal year-
49 end financial statement by an independent certified public
50 accountant within 6 months after the end of the fiscal year.

51 (f) Has a governing body which is comprised entirely of
52 commissioners of public housing authorities that are members of
53 the public housing authority self-insurance fund or persons
54 appointed by the commissioners of public housing authorities
55 that are members of the public housing authority self-insurance
56 fund.

57 (g) Uses knowledgeable persons or business entities to
58 administer or service the fund in the areas of claims
59 administration, claims adjusting, underwriting, risk management,
60 loss control, policy administration, financial audit, and legal
61 areas. Such persons must meet all applicable requirements of law
62 for state licensure and must have at least 5 years' experience
63 with commercial self-insurance funds formed under s. 624.462,
64 self-insurance funds formed under s. 624.4622, or domestic
65 insurers.

66 (h) Submits to the office copies of contracts used for its
67 members that clearly establish the liability of each member for
68 the obligations of the fund.

69 (i) Annually submits to the office a certification by the
70 governing body of the fund that, to the best of its knowledge,
71 the requirements of this section are met.



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72 (2) As used in this section, the term "qualified actuary"
73 means an actuary that is a member of the Casualty Actuarial
74 Society or the American Academy of Actuaries.

75 (3) A public housing authority's self-insurance fund that
76 meets the requirements of this section is not:

77 (a) An insurer for purposes of participation in or coverage
78 by any insurance guaranty association established by chapter
79 631; or

80 (b) Subject to s. 624.4621 and is not required to file any
81 report with the department under s. 440.38(2)(b) that is
82 uniquely required of group self-insurer funds qualified under s.
83 624.4621.

84 (4) Premiums, contributions, and assessments received by a
85 public housing authority's self-insurance fund are subject to
86 ss. 624.509(1) and (2) and 624.5092, except that the tax rate
87 shall be 1.6 percent of the gross amount of such premiums,
88 contributions, and assessments.

89 (5) If any of the requirements of subsection (1) are not
90 met, a public housing authority's self-insurance fund is subject
91 to the requirements of s. 624.4621 if the fund provides only
92 workers' compensation coverage or is subject to the requirements
93 of ss. 624.460-624.488 if the fund provides coverage for other
94 property, casualty, or surety risks.

95 (6) Any public housing authority in the state as defined in
96 chapter 421 that is a member of a self-insurance fund pursuant
97 to this section shall be exempt from the assessments imposed
98 under ss. 215.555, 627.351 and 631.57.

99 (7) Reinsurance companies complying with s. 624.610 may
100 issue coverage directly to a public housing authority self-



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101 insuring its liabilities under this section. A public housing
102 authority purchasing reinsurance shall be considered an insurer
103 for the sole purpose of entering into such reinsurance
104 contracts. Contracts of reinsurance issued to public housing
105 authorities self-insuring under this section shall receive the
106 same tax treatment as reinsurance contracts issued to insurance
107 companies. However, the purchase of reinsurance coverage by a
108 public housing authority self-insuring under this section shall
109 not be construed as authorization to otherwise act as an
110 insurer.

111
112 ===== T I T L E A M E N D M E N T =====

113 And the title is amended as follows:

114 Delete line 3542

115 and insert:

116 under specified circumstances; amending s. 624.46226,
117 F.S.; revising the criteria for public housing
118 authorities to qualify for a self-insurance fund
119 relating to specified casualty insurance; amending s.
120 626.852, F.S.;