



974786

LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
04/01/2013	.	
	.	
	.	
	.	

The Committee on Commerce and Tourism (Abruzzo) recommended the following:

Senate Amendment (with title amendment)

Between lines 53 and 54
insert:

Section 3. Subsection (7) of section 617.01401, Florida Statutes, is amended to read:

617.01401 Definitions.—As used in this chapter, the term:
(7) "Distribution" means the payment of a dividend or any part of the income or profit of a corporation to its members, directors, or officers.

(a) A donation or transfer of corporate assets or income to or from another not-for-profit corporation qualified as tax-



974786

13 exempt under s. 501(c) of the Internal Revenue Code or a
14 governmental organization exempt from federal and state income
15 taxes, if such corporation or governmental organization is a
16 member of the corporation making such donation or transfer, is
17 not a distribution for purposes of this chapter.

18 (b) A dividend or distribution by a not-for-profit
19 insurance company subsidiary to its mutual insurance holding
20 company organized under part III of chapter 628, directly or
21 indirectly through one or more intermediate holding companies
22 authorized under that part, is not a distribution for the
23 purposes of this chapter.

24 Section 4. Subsection (5) is added to section 628.371,
25 Florida Statutes, to read:

26 628.371 Dividends to stockholders.—

27 (5) A dividend or distribution by a not-for-profit
28 insurance company subsidiary to its mutual insurance holding
29 company, directly or indirectly through one or more intermediate
30 holding companies, pursuant to part III of this chapter, which
31 meets the requirements of this section and which apply to a
32 stock insurer, is permitted under this section.

33 Section 5. Section 628.703, Florida Statutes, is reordered
34 and amended to read:

35 628.703 Definitions.—For purposes of this part:

36 (2)(1) "Mutual insurance holding company" means an
37 incorporated entity without permanent capital stock which ~~that~~
38 is organized under this part and whose members are determined in
39 accordance with this part.

40 (5)(2) "Subsidiary insurance company" means:

41 (a) A stock insurance company, of which the majority of the



974786

42 voting shares of the capital stock ~~of which~~ are at all times
43 owned by a mutual insurance holding company. As used in ~~For~~
44 ~~purposes of~~ this part, the term "majority of the voting shares
45 of the capital stock" means the shares of the capital stock of
46 such company which carry the right to cast a majority of the
47 votes entitled to be cast by all of the outstanding shares of
48 the capital stock for the election of directors. The ownership
49 of a majority of the voting shares of the capital stock of a
50 former mutual reorganized insurance company which are required
51 by this part to be at all times owned by a mutual insurance
52 holding company includes indirect ownership through one or more
53 intermediate holding companies. However, indirect ownership
54 through one or more intermediate holding companies may ~~shall~~ not
55 result in a mutual insurance holding company owning less than
56 the equivalent of a majority of the voting shares of the capital
57 stock of the former mutual reorganized insurance company; or
58 (b) A not-for-profit insurance company or nonprofit health
59 care plan, of which the majority of the voting membership
60 interests are at all times owned by a mutual insurance holding
61 company, which entitles the mutual insurance holding company to
62 elect the board of directors of the not-for-profit insurance
63 company or nonprofit health care plan. This also applies to the
64 indirect ownership of the not-for-profit insurance company or
65 nonprofit health care plan through one or more intermediate
66 holding companies. A not-for-profit insurance company subsidiary
67 resulting from reorganization into a not-for-profit mutual
68 insurance company under this part, or which is subsequently
69 organized as an additional subsidiary insurance company of the
70 holding company, is subject to the Florida Insurance Code and



974786

71 chapter 617 applies to the organization of such company.

72 (1)~~(3)~~ "Intermediate holding company" means:

73 (a) A holding company that ~~which~~ is a subsidiary of a
74 mutual insurance holding company, and which directly or through
75 a subsidiary intermediate holding company owns a majority of the
76 voting shares of the capital stock of one or more subsidiary
77 insurance companies; or

78 (b) A holding company that is a not-for-profit corporation
79 and a subsidiary of a mutual insurance holding company, of which
80 a majority of the voting membership interests entitled to elect
81 the board of directors of such corporation are owned, directly
82 or through a subsidiary intermediate holding company, by the
83 mutual insurance holding company.

84 (3) "Nonprofit health care plan" means a not-for-profit
85 domestic or foreign hospital or medical and surgical service
86 plan or corporation that is licensed in one or more states,
87 issues no capital stock, and is engaged in the business of
88 providing prepaid indemnity or health care benefits.

89 (4) "Paid premiums" means all premiums paid for insurance
90 by a member of a mutual insurance holding company to a
91 subsidiary insurance company.

92 Section 6. Subsection (5) of section 628.707, Florida
93 Statutes, is amended to read:

94 628.707 Applicability of general corporation statutes.—The
95 applicable statutes of this state relating to the powers and
96 procedures of domestic private corporations formed for profit
97 shall apply to domestic mutual insurance holding companies,
98 except:

99 (5) In the case of the reorganization of a any mutual



974786

100 insurance company organized as a not-for-profit ~~nonprofit~~
101 corporation under chapter 617, a mutual insurance holding
102 company organized under this part shall be deemed to be a not-
103 for-profit ~~nonprofit~~ corporation.

104 Section 7. Subsection (1) of section 628.715, Florida
105 Statutes, is amended to read:

106 628.715 Merger and acquisitions.—Subject to applicable
107 requirements of this chapter, a mutual insurance holding company
108 may:

109 (1) (a) Merge or consolidate with, or acquire the assets of,
110 a mutual insurance holding company licensed pursuant to this
111 part ~~act~~ or any similar entity organization pursuant to laws of
112 any other state;

113 (b) Either alone or together with one or more intermediate
114 ~~stock~~ holding companies, or other subsidiaries, directly or
115 indirectly acquire the stock of a stock insurance company or a
116 mutual insurance company that reorganizes under this part ~~act~~ or
117 the law of its state of organization;

118 (c) Together with one or more of its ~~stock insurance~~
119 ~~company~~ subsidiaries, acquire the assets of a stock insurance
120 company or a mutual insurance company, or the membership
121 interests of a not-for-profit insurance company or nonprofit
122 health care plan;

123 (d) Acquire a stock insurance company through the merger of
124 the ~~such~~ stock insurance subsidiary with a stock insurance
125 company or interim stock insurance company subsidiary of the
126 mutual insurance holding company, or acquire a not-for-profit
127 insurance company or nonprofit health care plan through the
128 merger of such entities with a mutual insurance company, or with



974786

129 a not-for-profit insurance company subsidiary of the mutual
130 insurance holding company or intermediate holding company;

131 (e) Acquire the stock or assets of any other person to the
132 same extent as would be permitted for any not-for-profit
133 corporation under chapter 617 or, if the mutual insurance
134 holding company writes insurance, a mutual insurance company;

135 (f) Jointly, with a domestic or foreign mutual insurance
136 company that ~~which~~ redomesticates pursuant to s. 628.520, file
137 an application with the office, pursuant to ~~the provisions of~~
138 this part, to merge the domestic or foreign mutual insurance
139 company policyholder's membership interests into the mutual
140 insurance holding company. The reorganizing mutual insurance
141 company may merge with the mutual insurance holding company's
142 stock subsidiary or continue its corporate existence as a
143 domestic stock insurance company subsidiary. The members of the
144 foreign mutual insurance company may approve in a
145 contemporaneous vote both the redomestication plan and the
146 agreement for merger and reorganization; or

147 (g) Merge or consolidate with, or acquire the assets of, a
148 domestic or foreign reciprocal insurance company, a group self-
149 insurance fund, or any other similar entity.

150 Section 8. Subsection (1) of section 628.727, Florida
151 Statutes, is amended to read:

152 628.727 Membership.—

153 (1) Membership in a mutual insurance holding company shall
154 be determined in accordance with the mutual insurance holding
155 company's articles of incorporation and bylaws and ~~shall~~ be
156 based upon each member holding a policy of insurance with a
157 subsidiary insurance company or a health maintenance contract



974786

158 with a subsidiary health maintenance organization. Group
159 certificateholders may also be members of the mutual insurance
160 holding company if specified in the bylaws. The articles of
161 incorporation and bylaws may provide for one or more classes of
162 members and may restrict the voting or other rights of a class
163 of policyholders of a nonprofit health care plan from receiving
164 distributions pursuant to this chapter if the assets of the
165 nonprofit health care plan may not be treated as assets
166 available for distribution.

167
168 ===== T I T L E A M E N D M E N T =====

169 And the title is amended as follows:

170 Delete lines 2 - 5

171 and insert:

172 An act relating to mutual insurance corporations;
173 amending ss. 627.971 and 627.972, F.S.; providing that
174 such corporations include licensed mutual insurers as
175 well as licensed stock insurers; amending s.
176 617.01401, F.S.; revising the definition of the term
177 "distribution" to exclude a not-for-profit insurance
178 company subsidiary from ch. 617, F.S., relating to
179 non-for-profit corporations; amending s. 628.371,
180 F.S.; providing that certain dividends or
181 distributions by a not-for-profit insurance company to
182 its mutual insurance holding company which meet
183 certain requirements are permitted under pt. I of ch.
184 628, F.S., relating to stock and mutual insurers;
185 amending s. 628.703 F.S.; amending definitions
186 relating to mutual insurance holding companies to add



974786

187 provisions for not-for-profit insurance companies and
188 nonprofit health care plans; amending s. 628.707,
189 F.S.; conforming terminology; amending s. 628.715,
190 F.S.; adding not-for-profit insurance companies and
191 nonprofit health plans to provisions relating to
192 mergers and acquisitions; amending s. 628.727, F.S.;
193 authorizing the articles of incorporation and bylaws
194 of a mutual insurance holding company to restrict
195 certain rights of policyholders to receive
196 distributions;