

By Senator Abruzzo

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1 A bill to be entitled
2 An act relating to financial guaranty insurance
3 corporations; amending ss. 627.971 and 627.972, F.S.;
4 providing that such corporations include licensed
5 mutual insurers as well as licensed stock insurers;
6 providing an effective date.

7
8 Be It Enacted by the Legislature of the State of Florida:

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10 Section 1. Subsection (6) of section 627.971, Florida
11 Statutes, is amended to read:

12 627.971 Definitions.—As used in this part:

13 (6) "Financial guaranty insurance corporation" means a
14 stock or mutual insurer licensed to transact financial guaranty
15 insurance business in this state.

16 Section 2. Subsection (1) of section 627.972, Florida
17 Statutes, is amended to read:

18 627.972 Organization; financial requirements.—

19 (1) A financial guaranty insurance corporation must be
20 organized and licensed in the manner prescribed in this code for
21 stock or mutual property and casualty insurers except that:

22 (a) A corporation organized to transact financial guaranty
23 insurance may, subject to ~~the provisions of~~ this code, be
24 licensed to transact:

25 1. Residual value insurance, as defined by s. 624.6081;

26 2. Surety insurance, as defined by s. 624.606;

27 3. Credit insurance, as defined by s. 624.605(1)(i); and

28 4. Mortgage guaranty insurance as defined in s. 635.011 if
29 ~~provided that~~ the provisions of chapter 635 are met.

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30 (b)1. Prior to the issuance of a license, a corporation
31 must submit to the office for approval, a plan of operation
32 detailing:

33 a. The types and projected diversification of guaranties to
34 be issued;

35 b. The underwriting procedures to be followed;

36 c. The managerial oversight methods;

37 d. The investment policies; and

38 e. Any other matters prescribed by the office.†

39 2. An insurer that ~~which~~ is writing only the types of
40 insurance allowed under this part on July 1, 1988, and otherwise
41 meets the requirements of this part, is exempt from ~~the~~
42 ~~requirements of~~ this paragraph.

43 (c) An insurer transacting financial guaranty insurance is
44 subject to all provisions of this code which ~~that~~ are applicable
45 to property and casualty insurers to the extent that those
46 provisions are not inconsistent with this part.

47 (d) The investments of an insurer transacting financial
48 guaranty insurance in any entity insured by the corporation may
49 not exceed 2 percent of its admitted assets as of the end of the
50 prior calendar year.

51 (e) An insurer transacting financial guaranty insurance may
52 only assume those lines of insurance for which it is licensed to
53 write direct business.

54 Section 3. This act shall take effect upon becoming a law.