

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> </u>	(Y/N)
OTHER	<u> </u>	

1 Committee/Subcommittee hearing bill: Regulatory Affairs
2 Committee

3 Representative Van Zant offered the following:

4
5 **Amendment (with title amendment)**

6 Between lines 53 and 54, insert:

7 Section 3. Section 628.703, Florida Statutes, is amended to
8 read:

9 628.703 Definitions.—For purposes of this part:

10 (1) "Mutual insurance holding company" means an
11 incorporated entity without permanent capital stock that is
12 organized under this part and whose members are determined in
13 accordance with this part.

14 (2) "Subsidiary insurance company" means:

15 (a) a stock insurance company, the majority of the voting
16 shares of the capital stock of which are at all times owned by a
17 mutual insurance holding company. For purposes of this part,
18 "majority of the voting shares of the capital stock" means
19 shares of the capital stock of such company which carry the
20 right to cast a majority of the votes entitled to be cast by all

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21 of the outstanding shares of the capital stock for the election
22 of directors. The ownership of a majority of the voting shares
23 of the capital stock of a former mutual reorganized insurance
24 company which are required by this part to be at all times owned
25 by a mutual insurance holding company includes indirect
26 ownership through one or more intermediate holding companies.
27 However, indirect ownership through one or more intermediate
28 holding companies shall not result in a mutual insurance holding
29 company owning less than the equivalent of a majority of the
30 voting shares of the capital stock of the former mutual
31 reorganized insurance company: or

32 (b) a not for profit insurance company or not for profit
33 health care plan, the majority of the voting membership
34 interests of which are at all times owned by a mutual insurance
35 holding company, which entitles such mutual insurance holding
36 company to elect the board of directors of the not for profit
37 insurance company or not for profit health care plan and such
38 requirement applies to indirect ownership of the not for profit
39 insurance company or not for profit health care plan through one
40 or more intermediate holding companies. A not for profit
41 insurance company subsidiary resulting from the reorganization
42 of a not for profit mutual insurance company hereunder or
43 subsequently organized as a subsidiary insurance company shall
44 be subject to the provisions of ch. 628 applicable to stock
45 insurers; provided, however, that the provisions of ch. 617
46 shall apply to the organization of such company.

47 (3) "Intermediate holding company" means:

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48 (a) a holding company which is a subsidiary of a mutual
49 insurance holding company, and which directly or through a
50 subsidiary intermediate holding company owns a majority of the
51 voting shares of the capital stock of one or more subsidiary
52 insurance companies, or

53 (b) a holding company which is a not for profit corporation
54 and which is a subsidiary of a mutual insurance holding company,
55 of which a majority of the voting membership interests entitled
56 to elect the board of directors of such corporation shall be
57 owned, directly, or through a subsidiary intermediate holding
58 company, by the mutual insurance holding company.

59 (4) "Paid premiums" means all premiums paid for insurance
60 by a member of a mutual insurance holding company to a
61 subsidiary insurance company.

62 (5) "Nonprofit health care plan" means a not for profit
63 domestic or foreign hospital or medical and surgical service
64 plan or corporation, which is licensed in one or more states,
65 that issues no capital stock and is engaged in the business of
66 providing prepaid indemnity or health care benefits.

67 Section 4. Subsection (5) of section 628.707, Florida
68 statutes, is amended to read:

69 628.707 Applicability of general corporation statutes.—The
70 applicable statutes of this state relating to the powers and
71 procedures of domestic private corporations formed for profit
72 shall apply to domestic mutual insurance holding companies,
73 except:

74 (5) In the case of the reorganization of any mutual
75 insurance company organized as a ~~nonprofit~~ not for profit

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76 corporation under chapter 617, a mutual insurance holding
77 company organized under this part shall be deemed to be a
78 ~~nonprofit~~ not for profit corporation.

79 Section 5. Subsection (1) of section 628.715, Florida
80 Statutes, is amended to read:

81 628.715 Merger and acquisitions.—Subject to applicable
82 requirements of this chapter, a mutual insurance holding company
83 may:

84 (1) (a) Merge or consolidate with, or acquire the assets of,
85 a mutual insurance holding company licensed pursuant to this act
86 or any similar entity organization pursuant to laws of any other
87 state;

88 (b) Either alone or together with one or more intermediate
89 ~~stock~~ holding companies, or other subsidiaries, directly or
90 indirectly acquire the stock of a stock insurance company or a
91 mutual insurance company that reorganizes under this act or the
92 law of its state of organization;

93 (c) Together with one or more of its ~~stock insurance~~
94 ~~company~~ subsidiaries, acquire the assets of a stock insurance
95 company or a mutual insurance company, or the membership
96 interests in a not for profit insurance company or not for
97 profit health care plan.

98 (d) Acquire a stock insurance company through the merger of
99 such stock insurance subsidiary with a stock insurance company
100 or interim stock insurance company subsidiary of the mutual
101 insurance holding company, or acquire a not for profit insurance
102 company or not for profit health care plan through the merger of
103 such not for profit entity with the mutual insurance holding

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104 company, or with a not for profit insurance company subsidiary
105 of the mutual insurance holding company or intermediate holding
106 company.

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

111 (f) Jointly, with a domestic or foreign mutual insurance
112 company which redomesticates pursuant to s. 628.520, file an
113 application with the office, pursuant to the provisions of this
114 part, to merge the domestic or foreign mutual insurance company
115 policyholder's membership interests into the mutual insurance
116 holding company. The reorganizing mutual insurance company may
117 merge with the mutual insurance holding company's stock
118 subsidiary or continue its corporate existence as a domestic
119 stock insurance company subsidiary. The members of the foreign
120 mutual insurance company may approve in a contemporaneous vote
121 both the redomestication plan and the agreement for merger and
122 reorganization; or

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

126 Section 6. Subsection (1) of section 628.727, Florida
127 Statutes, is amended to read:

128 628.727 Membership.—

129 (1) Membership in a mutual insurance holding company shall
130 be determined in accordance with the mutual insurance holding
131 company's articles of incorporation and bylaws and shall be

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132 based upon each member holding a policy of insurance with a
133 subsidiary insurance company or a health maintenance contract
134 with a subsidiary health maintenance organization. Group
135 certificateholders may also be members of the mutual insurance
136 holding company if specified in the bylaws. The articles of
137 incorporation and bylaws of a mutual insurance holding company
138 may provide for one or more classes of members, and may restrict
139 the voting or other rights of any class constituting
140 policyholders of a not for profit health care plan to receive
141 distributions pursuant to any provision of ch. 628 where the
142 assets of such not for profit health care plan may not be
143 treated as assets available for such distribution.

144 Section 7. Section 628.371, Florida Statutes, is amended to
145 add a new subsection (5) to read:

146 628.371 Dividends to stockholders.—

147 (5) A dividend or distribution by a not for profit
148 insurance company subsidiary to its mutual insurance holding
149 company, directly or indirectly through one or more intermediate
150 holding companies, pursuant to Part III of this chapter, which
151 meets the requirements of this section imposed on a stock
152 insurer shall be permitted by this section.

153 Section 8. Subsection (7) of section 617.01401, Florida
154 Statutes, is amended to read:

155 617.01401 Definitions.—As used in this chapter, the term:

156 (7) "Distribution" means the payment of a dividend or any
157 part of the income or profit of a corporation to its members,
158 directors, or officers. A donation or transfer of corporate
159 assets or income to or from another not-for-profit corporation

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160 qualified as tax-exempt under s. 501(c) of the Internal Revenue
161 Code or a governmental organization exempt from federal and
162 state income taxes, if such corporation or governmental
163 organization is a member of the corporation making such donation
164 or transfer, is not a distribution for purposes of this chapter.
165 A dividend or distribution by a not for profit insurance company
166 subsidiary to its mutual insurance holding company, organized
167 under ch. 628, directly or indirectly through one or more
168 intermediate holding companies authorized thereunder, shall be
169 deemed not to be a distribution for the purposes of this
170 chapter.

T I T L E A M E N D M E N T

176 Remove line 6 and insert:

177 amending s. 628.703 F.S.; revising definitions; amending s.
178 628.707, F.S.; relating to the reorganization of certain mutual
179 insurance companies; amending s. 628.715, F.S.; relating to
180 the authority of mutual insurance holding companies as to
181 mergers and acquisitions; amending s. 628.727, F.S.; relating
182 to mutual insurance holding company membership; amending s.
183 628.371, F.S.; relating to dividends or distributions by a not
184 for profit insurance company to its mutual insurance holding
185 company; amending s. 617.0401, F.S.; revising definitions;
186 providing an effective date.

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