

Amendment No. 4

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WITHDRAWN	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 Edwards offered the following:

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

6 Between lines 843 and 844, insert:

7 Section 16. Paragraph (c) of subsection (2) and subsection
 8 (3) of section 626.8805, Florida Statutes, is amended to read:

9 626.8805 Certificate of authority to act as
 10 administrator.—

11 (2) The administrator shall file with the office an
 12 application for a certificate of authority upon a form to be
 13 adopted by the commission and furnished by the office, which
 14 application shall include or have attached the following
 15 information and documents:

16 (c) The names, addresses, official positions, and
 17 professional qualifications of the individuals who are employed
 18 or retained by the administrator and who are responsible for the
 19 conduct of the affairs of the administrator, including all
 20 members of the board of directors, board of trustees, executive

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21 committee, or other governing board or committee, and the
22 principal officers in the case of a corporation or, the partners
23 or members in the case of a partnership or association of the
24 administrator, ~~and any other person who exercises control or~~
25 ~~influence over the affairs of the administrator.~~

26 (3) The applicant shall make available for inspection by
27 the office copies of all contracts relating to services provided
28 by the administrator to ~~with~~ insurers or other persons utilizing
29 the services of the administrator.

30 Section 17. Subsections (1) and (3) of section 626.8817,
31 Florida Statutes, are amended to read:

32 626.8817 Responsibilities of insurance company with
33 respect to administration of coverage insured.-

34 (1) If an insurer uses the services of an administrator,
35 the insurer is responsible for determining the benefits, premium
36 rates, underwriting criteria, and claims payment procedures
37 applicable to the coverage and for securing reinsurance, if any.
38 The rules pertaining to these matters shall be provided, ~~in~~
39 ~~writing~~, by the insurer, or its designee, to the administrator.
40 The responsibilities of the administrator as to any of these
41 matters shall be set forth in a ~~the~~ written agreement binding
42 upon ~~between~~ the administrator and the insurer.

43 (3) In cases in which an administrator administers
44 benefits for more than 100 certificateholders on behalf of an
45 insurer, the insurer shall, at least semiannually, conduct a
46 review of the operations of the administrator. At least one such
47 review must be an onsite audit of the operations of the

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48 administrator. The insurer may contract with a qualified third
49 party to conduct such examination.

50 Section 18. Subsections (1) and (4) of section 626.882,
51 Florida Statutes, are amended to read:

52 626.882 Agreement between administrator and insurer;
53 required provisions; maintenance of records.—

54 (1) A ~~No~~ person may not act as an administrator without a
55 written agreement, as required under s. 626.8817, which
56 specifies the rights, duties and obligations of the ~~between such~~
57 ~~person as~~ administrator and ~~an~~ insurer.

58 (4) If a policy is issued to a trustee or trustees, a copy
59 of the trust agreement and any amendments to that agreement
60 shall be furnished to the insurer or its designee by the
61 administrator and shall be retained as part of the official
62 records of both the administrator and the insurer for the
63 duration of the policy and for 5 years thereafter.

64 Section 19. Subsections (3), (4), and (5) of section
65 626.883, Florida Statutes, are amended to read:

66 626.883 Administrator as intermediary; collections held in
67 fiduciary capacity; establishment of account; disbursement;
68 payments on behalf of insurer.—

69 (3) If charges or premiums deposited in a fiduciary
70 account have been collected on behalf of or for more than one
71 insurer, the administrator shall keep records clearly recording
72 the deposits in and withdrawals from such account on behalf of
73 or for each insurer. The administrator shall, upon request of an
74 insurer or its designee, furnish such insurer with copies of

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75 records pertaining to deposits and withdrawals on behalf of or
76 for such insurer.

77 (4) The administrator may not pay a ~~any~~ claim by
78 withdrawals from a fiduciary account. Withdrawals from such
79 account shall be made as provided in the written agreement
80 required under ss. 626.8817 and 626.882 ~~between the~~
81 ~~administrator and the insurer~~ for any of the following:

82 (a) Remittance to an insurer entitled to such remittance.

83 (b) Deposit in an account maintained in the name of such
84 insurer.

85 (c) Transfer to and deposit in a claims-paying account,
86 with claims to be paid as provided by such insurer.

87 (d) Payment to a group policyholder for remittance to the
88 insurer entitled to such remittance.

89 (e) Payment to the administrator of the commission, fees,
90 or charges of the administrator.

91 (f) Remittance of return premium to the person or persons
92 entitled to such return premium.

93 (5) All claims paid by the administrator from funds
94 collected on behalf of the insurer shall be paid only on drafts
95 of, and as authorized by, such insurer or its designee.

96 Section 20. Subsection (3) of section 626.884, Florida
97 Statutes, is amended to read:

98 626.884 Maintenance of records by administrator; access;
99 confidentiality.-

100 (3) The insurer shall retain the right of continuing
101 access to books and records maintained by the administrator
102 sufficient to permit the insurer to fulfill all of its

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103 contractual obligations to insured persons, subject to any
104 restrictions in the written agreement pertaining to ~~between the~~
105 ~~insurer and the administrator on~~ the proprietary rights of the
106 parties in such books and records.

107 Section 21. Subsections (1) and (2) of section 626.89,
108 Florida Statutes, are amended to read:

109 626.89 Annual financial statement and filing fee; notice
110 of change of ownership.—

111 (1) Each authorized administrator shall file with the
112 office a full and true statement of its financial condition,
113 transactions, and affairs. The statement shall be filed annually
114 on or before April ~~March~~ 1 or within such extension of time
115 therefor as the office for good cause may have granted and shall
116 be for the preceding calendar year or fiscal year, if the
117 administrator's accounting is on a fiscal year basis. The
118 statement shall be in such form and contain such matters as the
119 commission prescribes and shall be verified by at least two
120 officers of such administrator. ~~An administrator whose sole~~
121 ~~stockholder is an association representing health care providers~~
122 ~~which is not an affiliate of an insurer, an administrator of a~~
123 ~~pooled governmental self-insurance program, or an administrator~~
124 ~~that is a university may submit the preceding fiscal year's~~
125 ~~statement within 2 months after its fiscal year end.~~

126 (2) Each authorized administrator shall also file an
127 audited financial statement performed by an independent
128 certified public accountant. The audited financial statement
129 shall be filed with the office on or before July ~~June~~ 1 for the
130 preceding calendar or fiscal year ~~ending December 31.~~ ~~An~~

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131 ~~administrator whose sole stockholder is an association~~
132 ~~representing health care providers which is not an affiliate of~~
133 ~~an insurer, an administrator of a pooled governmental self-~~
134 ~~insurance program, or an administrator that is a university may~~
135 ~~submit the preceding fiscal year's audited financial statement~~
136 ~~within 5 months after the end of its fiscal year.~~ An audited
137 financial statement prepared on a consolidated basis must
138 include a columnar consolidating or combining worksheet that
139 must be filed with the statement and must comply with the
140 following:

- 141 (a) Amounts shown on the consolidated audited financial
142 statement must be shown on the worksheet;
- 143 (b) Amounts for each entity must be stated separately; and
- 144 (c) Explanations of consolidating and eliminating entries
145 must be included.

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

151 Remove line 77 and insert:
152 reference; amending s. 626.8805, F.S.; revising insurance
153 administrator application requirements; amending s. 626.8817,
154 F.S.; authorizing an insurer's designee to provide certain
155 coverage information to an insurance administrator; authorizing
156 an insurer to subcontract the audit of an insurance
157 administrator; amending s. 626.882, F.S.; prohibiting a person
158 from acting as an insurance administrator without a specific

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Bill No. CS/HB 635 (2013)

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159 written agreement; amending s. 626.883, F.S.; requiring
160 insurance administrators to furnish fiduciary account records to
161 an insurer's designee; providing that administrator withdrawals
162 from a fiduciary account be made according to specific written
163 agreements; providing that an insurer's designee may authorize
164 payment of claims; amending s. 626.884, F.S.; revising an
165 insurer's right of access to certain administrator records;
166 amending s. 626.89, F.S.; revising the deadline for filing
167 certain financial statements; amending s. 626.9941, F.S.;
168 conforming a
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