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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/02/2014	.	
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	.	
	.	

The Committee on Rules (Smith) recommended the following:

Senate Amendment (with title amendment)

Before line 13

insert:

Section 1. Paragraph (c) of subsection (2) and subsection (3) of section 626.8805, Florida Statutes, are amended to read:
626.8805 Certificate of authority to act as administrator.—

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



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12 information and documents:

13 (c) The names, addresses, official positions, and
14 professional qualifications of the individuals employed or
15 retained by the administrator who are responsible for the
16 conduct of the affairs of the administrator, including all
17 members of the board of directors, board of trustees, executive
18 committee, or other governing board or committee, and the
19 principal officers in the case of a corporation or, the partners
20 or members in the case of a partnership or association, ~~and any~~
21 ~~other person who exercises control or influence over the affairs~~
22 of the administrator.

23
24 The applicant shall also include such other information as the
25 office requires in order to review the current financial
26 condition of the applicant.

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

31 Section 2. Subsections (1) and (3) of section 626.8817,
32 Florida Statutes, are amended to read:

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

35 (1) If an insurer uses the services of an administrator,
36 the insurer is responsible for determining the benefits, premium
37 rates, underwriting criteria, and claims payment procedures
38 applicable to the coverage and for securing reinsurance, if any.
39 The rules pertaining to these matters shall be provided, in
40 writing, by the insurer or its designee to the administrator.



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41 The responsibilities of the administrator as to any of these
42 matters shall be set forth in a the written agreement binding
43 upon ~~between~~ the administrator and the insurer.

44 (3) ~~If In cases in which~~ an administrator administers
45 benefits for more than 100 certificateholders on behalf of an
46 insurer, the insurer shall, at least semiannually, conduct a
47 review of the operations of the administrator. At least one such
48 review must be an onsite audit of the operations of the
49 administrator. The insurer may contract with a qualified third
50 party to conduct such review.

51 Section 3. Subsections (1) and (4) of section 626.882,
52 Florida Statutes, are amended to read:

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

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

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

65 Section 4. Subsections (3), (4), and (5) of section
66 626.883, Florida Statutes, are amended to read:

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



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

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

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

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

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

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

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

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

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

97 Section 5. Subsection (3) of section 626.884, Florida
98 Statutes, is amended to read:



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

101 (3) The insurer shall retain the right of continuing access
102 to books and records maintained by the administrator sufficient
103 to permit the insurer to fulfill all of its contractual
104 obligations to insured persons, subject to any restrictions in
105 the written agreement pertaining to ~~between the insurer and the~~
106 ~~administrator on~~ the proprietary rights of the parties in such
107 books and records.

108 Section 6. Subsections (1) and (2) of section 626.89,
109 Florida Statutes, are amended to read:

110 626.89 Annual financial statement and filing fee; notice of
111 change of ownership.-

112 (1) Each authorized administrator shall annually file with
113 the office a full and true statement of its financial condition,
114 transactions, and affairs within 3 months after the end of the
115 administrator's fiscal year. ~~The statement shall be filed~~
116 ~~annually on or before March 1~~ or within such extension of time
117 ~~therefor~~ as the office for good cause may have granted. The
118 statement must ~~and shall~~ be for the preceding fiscal calendar
119 year and must. ~~The statement shall~~ be in such form and contain
120 such matters as the commission prescribes and must ~~shall~~ be
121 verified by at least two officers of the ~~such~~ administrator. ~~An~~
122 ~~administrator whose sole stockholder is an association~~
123 ~~representing health care providers which is not an affiliate of~~
124 ~~an insurer, an administrator of a pooled governmental self-~~
125 ~~insurance program, or an administrator that is a university may~~
126 ~~submit the preceding fiscal year's statement within 2 months~~
127 ~~after its fiscal year end.~~



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128 (2) Each authorized administrator shall also file an
129 audited financial statement performed by an independent
130 certified public accountant. The audited financial statement
131 shall be filed with the office within 5 months after the end of
132 the administrator's fiscal year and be ~~on or before June 1~~ for
133 the preceding fiscal ~~calendar~~ year ending ~~December 31~~. An
134 ~~administrator whose sole stockholder is an association~~
135 ~~representing health care providers which is not an affiliate of~~
136 ~~an insurer, an administrator of a pooled governmental self-~~
137 ~~insurance program, or an administrator that is a university may~~
138 ~~submit the preceding fiscal year's audited financial statement~~
139 ~~within 5 months after the end of its fiscal year. An audited~~
140 financial statement prepared on a consolidated basis must
141 include a columnar consolidating or combining worksheet that
142 must be filed with the statement and must comply with the
143 following:

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

149
150 ===== T I T L E A M E N D M E N T =====

151 And the title is amended as follows:

152 Delete line 2

153 and insert:

154 An act relating to insurance; amending s. 626.8805,
155 F.S.; revising insurance administrator application
156 requirements; amending s. 626.8817, F.S.; authorizing



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157 an insurer's designee to provide certain coverage
158 information to an insurance administrator; authorizing
159 an insurer to contract a third party to conduct a
160 review of the operations of an insurance administrator
161 under certain circumstances; amending s. 626.882,
162 F.S.; prohibiting a person from acting as an insurance
163 administrator without a specific written agreement;
164 amending s. 626.883, F.S.; requiring an insurance
165 administrator to furnish fiduciary account records to
166 an insurer or its designee; requiring administrator
167 withdrawals from a fiduciary account to be made
168 according to a specific written agreement; providing
169 that an insurer's designee may authorize payment of
170 claims; amending s. 626.884, F.S.; revising an
171 insurer's right of access to certain administrator
172 records; amending s. 626.89, F.S.; revising the
173 deadline for filing certain financial statements;