



259754

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/23/2015	.	
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The Committee on Banking and Insurance (Simmons) recommended the following:

Senate Amendment

Delete lines 10 - 27
and insert:

Section 1. Paragraph (e) is added to subsection (1) of section 624.4625, Florida Statutes, present paragraph(e) of the subsection is redesignated as paragraph (f), and paragraph (b) and redesignated paragraph (f) of subsection (1) of section 624.4625, Florida Statutes, are amended to read:

624.4625 Corporation not for profit self-insurance funds.-



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11 (1) Notwithstanding any other provision of law, prior to
12 July 1, 2015, any two or more corporations not for profit
13 located in and organized under the laws of this state are
14 authorized to ~~may~~ form a self-insurance fund for the purpose of
15 pooling and spreading liabilities of its group members in any
16 one or combination of property or casualty risk, provided the
17 corporation not for profit self-insurance fund that is created:

18 (b) Requires for qualification that each participating
19 member receive at least 75 percent of its revenues from:

20 1. Local, state, or federal governmental sources or a
21 combination of such sources; or, in a separate account,-

22 2. The public as evidenced on the organization's most
23 recent Internal Revenue Service Form 990 or Form 990-EX and
24 Schedule A and is a publicly supported organization under s.
25 501(c)(3) of the Internal Revenue Code.

26 (e)1.a. A fund with participating members permitted under
27 subparagraph (b)2 shall only be authorized if the qualified
28 actuary specified in paragraph (d) has first certified that the
29 fund is able to establish and maintain total assets solely for
30 the account authorized in (b)2, in an amount at least equal to
31 or greater than the loss and loss adjustment expense reserves
32 for such assets at the 80 percent confidence level for the fund
33 authorized in (b)2. No fund shall be authorized to operate in
34 accordance with (b)2 until the actuarial certification required
35 under this paragraph is submitted to the Office.

36 b. A fund with participating members under subparagraph (b)1
37 which does not maintain loss or loss adjustment expense reserves
38 at the 80 percent confidence level as certified by a qualified
39 actuary, shall file with the office a remedial plan for



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40 increasing the reserves or otherwise addressing the financial
41 condition of the fund. Beginning on the date the remedial plan
42 is received by the Office, the fund shall, within five years
43 submit a filing with the Office, certified by a qualified
44 actuary permitted by (d) indicating that the fund has loss or
45 loss adjustment expense reserves at the 80 percent confidence
46 level. The remedial filing required by (b) shall be subject to a
47 determination by the office that the fund is operating on an
48 actuarially sound basis and does not pose a significant risk of
49 insolvency. The office may issue a cease and desist order to a
50 fund that maintains total assets in an amount less than the loss
51 and loss adjustment expense reserves at the 70 percent
52 confidence level as of the end of the fiscal year as determined
53 by the qualified actuary specified in paragraph (d).

54 2. A fund shall prohibit the inclusion of participating
55 members under subparagraph (b)2. until it is in compliance with
56 this subparagraph.

57 3. Notwithstanding subparagraph (e)1., the Office may at
58 any time order remedial action and issue a cease and desist
59 order to a fund if the Office finds that the fund is not
60 operating on an actuarially sound basis and poses a significant
61 risk of insolvency.

62 (f) ~~(e)~~ Maintains a continuing program of excess insurance
63 coverage and reserve evaluation to protect the financial
64 stability of the fund in an amount and manner determined by a
65 qualified actuary. At a minimum, this program must:

66 1. Purchase excess insurance from authorized insurance
67 carriers or eligible surplus lines insurers or reinsurers with a
68 rating of A- or better by a rating agency that is approved by



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69 the office.

70 2. Retain a per-loss occurrence that does not exceed
71 \$350,000.

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