

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WITHDRAWN	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>	

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1 Committee/Subcommittee hearing bill: Insurance & Banking  
 2 Subcommittee

3 Representative Shaw offered the following:

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5 **Amendment (with directory and title amendments)**

6 Remove lines 17-75 and insert:

7 chapter 421 may form a self-insurance fund for the purpose of  
 8 pooling and spreading liabilities of its members as to any one  
 9 or combination of casualty risk or real or personal property  
 10 risk of every kind and every interest in such property against  
 11 loss or damage from any hazard or cause and against any loss  
 12 consequential to such loss or damage, provided the self-  
 13 insurance fund that is created:

14 (a) Has annual normal premiums in excess of \$5 million.

15 (b) Uses a qualified actuary to determine rates using  
 16 accepted actuarial principles and annually submits to the office

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17 a certification by the actuary that the rates are actuarially  
18 sound and are not inadequate, as defined in s. 627.062.

19 (c) Uses a qualified actuary to establish reserves for  
20 loss and loss adjustment expenses and annually submits to the  
21 office a certification by the actuary that the loss and loss  
22 adjustment expense reserves are adequate. If the actuary  
23 determines that reserves are not adequate, the fund shall file  
24 with the office a remedial plan for increasing the reserves or  
25 otherwise addressing the financial condition of the fund,  
26 subject to a determination by the office that the fund will  
27 operate on an actuarially sound basis and the fund does not pose  
28 a significant risk of insolvency.

29 (d) Maintains a continuing program of excess insurance  
30 coverage and reserve evaluation to protect the financial  
31 stability of the fund in an amount and manner determined by a  
32 qualified and independent actuary. At a minimum, this program  
33 must:

34 1. Purchase excess insurance from authorized insurance  
35 carriers or eligible surplus lines insurers.

36 2. Retain a per-loss occurrence that does not exceed  
37 \$350,000.

38 (e) Submits to the office annually an audited fiscal year-  
39 end financial statement by an independent certified public  
40 accountant within 6 months after the end of the fiscal year.

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41 (f) Has a governing body which is comprised entirely of  
42 commissioners of public housing authorities that are members of  
43 the public housing authority self-insurance fund or persons  
44 appointed by the commissioners of public housing authorities  
45 that are members of the public housing authority self-insurance  
46 fund.

47 (g) Uses knowledgeable persons or business entities to  
48 administer or service the fund in the areas of claims  
49 administration, claims adjusting, underwriting, risk management,  
50 loss control, policy administration, financial audit, and legal  
51 areas. Such persons must meet all applicable requirements of law  
52 for state licensure and must have at least 5 years' experience  
53 with commercial self-insurance funds formed under s. 624.462,  
54 self-insurance funds formed under s. 624.4622, or domestic  
55 insurers.

56 (h) Submits to the office copies of contracts used for its  
57 members that clearly establish the liability of each member for  
58 the obligations of the fund.

59 (i) Annually submits to the office a certification by the  
60 governing body of the fund that, to the best of its knowledge,  
61 the requirements of this section are met.

62  
63 A for-profit or not-for-profit corporation, limited liability  
64 company, or other similar business entity that a public housing  
65 authority holds an ownership interest in or participates in the

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66 governance of under s. 421.08(8) may join a self-insurance fund  
67 formed under this section in which such public housing authority  
68 participates.

69 (7) Reinsurance companies complying with s. 624.610 may  
70 issue coverage directly to a public housing authority or an  
71 entity organized by a public housing authority under s.  
72 421.08(8) self-insuring its liabilities under this section. A  
73 public housing authority or an entity organized by a public  
74 housing authority under s. 421.08(8) purchasing reinsurance  
75 shall be considered an insurer for the sole purpose of entering  
76 into such reinsurance contracts. Contracts of reinsurance issued  
77 to public housing authorities or entities organized by public  
78 housing authorities under s. 421.08(8) self-insuring under this  
79 section shall receive the same tax treatment as reinsurance  
80 contracts issued to insurance companies. However, the purchase  
81 of reinsurance coverage by a public housing authority or an  
82 entity organized by a public housing authority under s.  
83 421.08(8) self-insuring under this section shall not be  
84 construed as authorization to otherwise act as an insurer.

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**D I R E C T O R Y   A M E N D M E N T**

Remove lines 11-12 and insert:

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90 Section 1. Subsections (1) and (7) of section 624.46226,  
91 Florida Statutes, are amended to read:

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

95 Remove line 7 and insert:

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97 insurance funds; authorizing reinsurance companies to issue  
98 coverage directly to certain entities related to a public  
99 housing authority under certain circumstances; specifying that  
100 such entities are considered insurers under certain  
101 circumstances; requiring that reinsurance contracts issued to  
102 such entities receive the same tax treatment as contracts issued  
103 to insurance companies; providing an effective date.