

1                   A bill to be entitled  
2           An act relating to public housing authority insurance;  
3           amending s. 624.46226, F.S.; authorizing a legal  
4           entity in which a public housing authority holds an  
5           ownership interest or participates in its governance  
6           to participate in the public housing authority's self-  
7           insurance fund; authorizing reinsurance companies to  
8           issue coverage directly to certain entities organized  
9           by a public housing authority under certain  
10          circumstances; specifying that such entities are  
11          considered insurers under certain circumstances;  
12          requiring that reinsurance contracts issued to such  
13          entities receive the same tax treatment as contracts  
14          issued to insurance companies; providing an effective  
15          date.

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17   Be It Enacted by the Legislature of the State of Florida:

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

21           624.46226 Public housing authorities self-insurance funds;  
22   exemption for taxation and assessments.—

23           (1) Notwithstanding any other provision of law, any two or  
24   more public housing authorities in the state as defined in  
25   chapter 421 may form a self-insurance fund for the purpose of

26 | pooling and spreading liabilities of its members as to any one  
27 | or combination of casualty risk or real or personal property  
28 | risk of every kind and every interest in such property against  
29 | loss or damage from any hazard or cause and against any loss  
30 | consequential to such loss or damage, provided the self-  
31 | insurance fund that is created:

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

33 |       (b) Uses a qualified actuary to determine rates using  
34 | accepted actuarial principles and annually submits to the office  
35 | a certification by the actuary that the rates are actuarially  
36 | sound and are not inadequate, as defined in s. 627.062.

37 |       (c) Uses a qualified actuary to establish reserves for  
38 | loss and loss adjustment expenses and annually submits to the  
39 | office a certification by the actuary that the loss and loss  
40 | adjustment expense reserves are adequate. If the actuary  
41 | determines that reserves are not adequate, the fund shall file  
42 | with the office a remedial plan for increasing the reserves or  
43 | otherwise addressing the financial condition of the fund,  
44 | subject to a determination by the office that the fund will  
45 | operate on an actuarially sound basis and the fund does not pose  
46 | a significant risk of insolvency.

47 |       (d) Maintains a continuing program of excess insurance  
48 | coverage and reserve evaluation to protect the financial  
49 | stability of the fund in an amount and manner determined by a  
50 | qualified and independent actuary. At a minimum, this program

51 must:

52 1. Purchase excess insurance from authorized insurance  
53 carriers or eligible surplus lines insurers.

54 2. Retain a per-loss occurrence that does not exceed  
55 \$350,000.

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

59 (f) Has a governing body which is comprised entirely of  
60 commissioners of public housing authorities that are members of  
61 the public housing authority self-insurance fund or persons  
62 appointed by the commissioners of public housing authorities  
63 that are members of the public housing authority self-insurance  
64 fund.

65 (g) Uses knowledgeable persons or business entities to  
66 administer or service the fund in the areas of claims  
67 administration, claims adjusting, underwriting, risk management,  
68 loss control, policy administration, financial audit, and legal  
69 areas. Such persons must meet all applicable requirements of law  
70 for state licensure and must have at least 5 years' experience  
71 with commercial self-insurance funds formed under s. 624.462,  
72 self-insurance funds formed under s. 624.4622, or domestic  
73 insurers.

74 (h) Submits to the office copies of contracts used for its  
75 members that clearly establish the liability of each member for

76 | the obligations of the fund.

77 |       (i) Annually submits to the office a certification by the  
78 | governing body of the fund that, to the best of its knowledge,  
79 | the requirements of this section are met.

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81 | A for-profit or not-for-profit corporation, limited liability  
82 | company, or other similar business entity in which a public  
83 | housing authority holds an ownership interest or participates in  
84 | its governance under s. 421.08(8) may join a self-insurance fund  
85 | formed under this section in which such public housing authority  
86 | participates.

87 |       (7) Reinsurance companies complying with s. 624.610 may  
88 | issue coverage directly to a public housing authority or an  
89 | entity organized by a public housing authority under s.  
90 | 421.08(8) self-insuring its liabilities under this section. A  
91 | public housing authority or an entity organized by a public  
92 | housing authority under s. 421.08(8) purchasing reinsurance  
93 | shall be considered an insurer for the sole purpose of entering  
94 | into such reinsurance contracts. Contracts of reinsurance issued  
95 | to public housing authorities or entities organized by public  
96 | housing authorities under s. 421.08(8) self-insuring under this  
97 | section shall receive the same tax treatment as reinsurance  
98 | contracts issued to insurance companies. However, the purchase  
99 | of reinsurance coverage by a public housing authority or an  
100 | entity organized by a public housing authority under s.

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101 | 421.08(8) self-insuring under this section shall not be  
102 | construed as authorization to otherwise act as an insurer.  
103 |       Section 2. This act shall take effect July 1, 2017.