

By Senator Broxson

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1                   A bill to be entitled  
 2           An act relating to the Florida Life and Health  
 3           Insurance Guaranty Association; amending s. 631.713,  
 4           F.S.; revising applicability of the Florida Life and  
 5           Health Insurance Guaranty Association Act as to  
 6           specified annuity contracts; amending s. 631.717,  
 7           F.S.; revising the association's maximum aggregate  
 8           liability for the contractual obligations of an  
 9           insolvent insurer with respect to one life; specifying  
 10          the association's maximum liability as to certain  
 11          health insurance policies; amending s. 631.718, F.S.;  
 12          revising the maximum limit of a certain annual  
 13          assessment levied on member insurers by the  
 14          association's board of directors; providing an  
 15          effective date.

16  
 17 Be It Enacted by the Legislature of the State of Florida:

18  
 19           Section 1. Paragraph (1) of subsection (3) of section  
 20           631.713, Florida Statutes, is amended to read:

21           631.713 Application of part.—

22           (3) This part does not apply to:

23           (1) Any annuity contract or group annuity contract that is  
 24           not issued to and owned by an individual, except to the extent  
 25           of any annuity benefits;

26           1. Guaranteed directly and not through an intermediary to  
 27           an individual by an insurer under such contract or certificate;

28           2. Under an annuity issued by an insurer under 26 U.S.C. s.  
 29           408(b); or

30           3. Under an annuity issued by an insurer and held by a  
 31           custodian or trustee in accordance with 26 U.S.C. 408(a).  
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1-00852-17

2017814\_\_

33 This paragraph applies to every insolvency regardless of its  
34 date of inception, and an assessment base may not include  
35 premiums for such excluded products.

36 Section 2. Subsection (9) of section 631.717, Florida  
37 Statutes, is amended to read:

38 631.717 Powers and duties of the association.—

39 (9) The association's liability for the contractual  
40 obligations of the insolvent insurer must ~~shall~~ be as great as,  
41 but no greater than, the contractual obligations of the insurer  
42 in the absence of such insolvency, unless such obligations are  
43 reduced as permitted by subsection (4), but the aggregate  
44 liability of the association with respect to one life may ~~shall~~  
45 not exceed the following:

46 (a) For life insurance, \$100,000 in net cash surrender and  
47 net cash withdrawal values. ~~for life insurance,~~

48 (b) For deferred annuity contracts, \$250,000 in net cash  
49 surrender and net cash withdrawal values. ~~for deferred annuity~~  
50 ~~contracts, or~~

51 (c) For all benefits, \$300,000, ~~for all benefits~~ including  
52 cash values, except as provided in paragraph (d) ~~with respect to~~  
53 ~~any one life.~~

54 (d) For basic hospital expense health insurance policies,  
55 basic medical-surgical health insurance policies, or major  
56 medical expense health insurance policies, \$500,000.

57  
58 In no event is ~~shall~~ the association ~~be~~ liable for any penalties  
59 or interest.

60 Section 3. Paragraph (a) of subsection (3) of section  
61 631.718, Florida Statutes, is amended to read:

1-00852-17

2017814\_\_

62           631.718 Assessments.—

63           (3) (a) The amount of any Class A assessment must ~~shall~~ be  
64 determined by the board and may be made on a non-pro rata basis.  
65 The assessment may not be credited against future insolvency  
66 assessments and may not exceed \$500 ~~\$250~~ per member insurer in  
67 any one calendar year.

68           Section 4. This act shall take effect July 1, 2017.