



412698

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/27/2017	.	
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The Committee on Banking and Insurance (Rouson) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

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

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

(1) Notwithstanding any other provision of law, any two or
more public housing authorities in the state as defined in



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

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

19 (b) Uses a qualified actuary to determine rates using
20 accepted actuarial principles and annually submits to the office
21 a certification by the actuary that the rates are actuarially
22 sound and are not inadequate, as defined in s. 627.062.

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

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

38 1. Purchase excess insurance from authorized insurance
39 carriers or eligible surplus lines insurers.



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40 2. Retain a per-loss occurrence that does not exceed
41 \$350,000.

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

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

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

60 (h) Submits to the office copies of contracts used for its
61 members that clearly establish the liability of each member for
62 the obligations of the fund.

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

66

67 A for-profit or not-for-profit corporation, limited liability
68 company, or other similar business entity in which a public



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69 housing authority holds an ownership interest or participates in
70 its governance under s. 421.08(8) may join a self-insurance fund
71 formed under this section in which such public housing authority
72 participates. Such for-profit or not-for-profit corporation,
73 limited liability company, or other similar business entity may
74 join the self-insurance fund solely to insure risks related to
75 public housing.

76 (7) Reinsurance companies complying with s. 624.610 may
77 issue coverage directly to a public housing authority or an
78 entity organized by a public housing authority under s.
79 421.08(8) if such public housing authority or entity self-
80 insures ~~self-insuring~~ its liabilities under this section. A
81 public housing authority purchasing reinsurance or an entity
82 that is organized by a public housing authority under s.
83 421.08(8) and that is purchasing reinsurance shall be considered
84 an insurer for the sole purpose of entering into such
85 reinsurance contracts. Contracts of reinsurance issued to public
86 housing authorities self-insuring under this section or to
87 entities that are organized by public housing authorities under
88 s. 421.08(8) and that are self-insuring under this section shall
89 receive the same tax treatment as reinsurance contracts issued
90 to insurance companies. However, the purchase of reinsurance
91 coverage by a public housing authority self-insuring under this
92 section or by an entity that is organized by a public housing
93 authority under s. 421.08(8) and that is self-insuring under
94 this section shall not be construed as authorization to
95 otherwise act as an insurer.

96 Section 2. This act shall take effect July 1, 2017.
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98 ===== T I T L E A M E N D M E N T =====

99 And the title is amended as follows:

100 Delete everything before the enacting clause

101 and insert:

102 A bill to be entitled

103 An act relating to public housing authority insurance;

104 amending s. 624.46226, F.S.; authorizing certain

105 business entities to join, solely for a specified

106 purpose, self-insurance funds participated in by

107 public housing authorities who hold ownership

108 interests in or who participate in governing such

109 entities; authorizing reinsurance companies to issue

110 coverage directly to certain self-insuring entities

111 organized by a public housing authority under certain

112 circumstances; specifying that such entities are

113 considered insurers under certain circumstances;

114 requiring that reinsurance contracts issued to such

115 entities receive the same tax treatment as contracts

116 issued to insurance companies; revising construction;

117 providing an effective date.