

By the Committee on Banking and Insurance; and Senator Rouson

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1 A bill to be entitled
2 An act relating to public housing authority insurance;
3 amending s. 624.46226, F.S.; authorizing certain
4 business entities to join, solely for a specified
5 purpose, self-insurance funds participated in by
6 public housing authorities who hold ownership
7 interests in or who participate in governing such
8 entities; authorizing reinsurance companies to issue
9 coverage directly to certain self-insuring entities
10 organized by a public housing authority under certain
11 circumstances; specifying that such entities are
12 considered insurers under certain circumstances;
13 requiring that reinsurance contracts issued to such
14 entities receive the same tax treatment as contracts
15 issued to insurance companies; revising construction;
16 providing an effective date.

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

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

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

24 (1) Notwithstanding any other provision of law, any two or
25 more public housing authorities in the state as defined in
26 chapter 421 may form a self-insurance fund for the purpose of
27 pooling and spreading liabilities of its members as to any one
28 or combination of casualty risk or real or personal property
29 risk of every kind and every interest in such property against

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30 loss or damage from any hazard or cause and against any loss
31 consequential to such loss or damage, provided the self-
32 insurance fund that is created:

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

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

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

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

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

55 2. Retain a per-loss occurrence that does not exceed
56 \$350,000.

57 (e) Submits to the office annually an audited fiscal year-
58 end financial statement by an independent certified public

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59 accountant within 6 months after the end of the fiscal year.

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

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

75 (h) Submits to the office copies of contracts used for its
76 members that clearly establish the liability of each member for
77 the obligations of the fund.

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

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

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88 limited liability company, or other similar business entity may
89 join the self-insurance fund solely to insure risks related to
90 public housing.

91 (7) Reinsurance companies complying with s. 624.610 may
92 issue coverage directly to a public housing authority or an
93 entity organized by a public housing authority under s.
94 421.08(8) if such public housing authority or entity self-
95 insures ~~self-insuring~~ its liabilities under this section. A
96 public housing authority purchasing reinsurance or an entity
97 that is organized by a public housing authority under s.
98 421.08(8) and that is purchasing reinsurance shall be considered
99 an insurer for the sole purpose of entering into such
100 reinsurance contracts. Contracts of reinsurance issued to public
101 housing authorities self-insuring under this section or to
102 entities that are organized by public housing authorities under
103 s. 421.08(8) and that are self-insuring under this section shall
104 receive the same tax treatment as reinsurance contracts issued
105 to insurance companies. However, the purchase of reinsurance
106 coverage by a public housing authority self-insuring under this
107 section or by an entity that is organized by a public housing
108 authority under s. 421.08(8) and that is self-insuring under
109 this section shall not be construed as authorization to
110 otherwise act as an insurer.

111 Section 2. This act shall take effect July 1, 2017.