LEGISLATIVE ACTION

Senate Floor: WD/RM 05/05/2011 06:29 PM

House

Senator Fasano moved the following:

Senate Amendment to Amendment (844961) (with title amendment)

Between lines 179 and 180 insert:

Section 7. Section 624.46226, Florida Statutes, is 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 chapter 421 may form a self-insurance fund for the purpose of pooling and spreading liabilities of its members as to any one
or combination of casualty risk or real or personal property risk of every kind and every interest in such property against loss or damage from any hazard or cause and against any loss consequential to such loss or damage, provided the self-
insurance fund that is created:

(a) Has annual normal premiums in excess of $3.5 million.

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

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

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

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

2. Retain a per-loss occurrence that does not exceed the
lesser of $350,000 or the surplus of the fund as reported in the immediately preceding audited fiscal year end financial statement. If not identified as surplus in the audited financial statements, surplus shall be the difference of the total assets minus the total liabilities.

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

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

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

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

(i) Annually submits to the office a certification by the governing body of the fund that, to the best of its knowledge, the requirements of this section are met.
(2) As used in this section, the term “qualified actuary” means an actuary that is a member of the Casualty Actuarial Society or the American Academy of Actuaries.

(3) A public housing authority’s self-insurance fund that meets the requirements of this section is not:
   (a) An insurer for purposes of participation in or coverage by any insurance guaranty association established by chapter 631; or
   (b) Subject to s. 624.4621 and is not required to file any report with the department under s. 440.38(2)(b) that is uniquely required of group self-insurer funds qualified under s. 624.4621.

(4) Premiums, contributions, and assessments received by a public housing authority’s self-insurance fund are subject to ss. 624.509(1) and (2) and 624.5092, except that the tax rate shall be 1.6 percent of the gross amount of such premiums, contributions, and assessments.

(5) If any of the requirements of subsection (1) are not met, a public housing authority’s self-insurance fund is subject to the requirements of s. 624.4621 if the fund provides only workers’ compensation coverage or is subject to the requirements of ss. 624.460-624.488 if the fund provides coverage for other property, casualty, or surety risks.

(6) Any public housing authority in the state as defined in chapter 421 that is a member of a self-insurance fund pursuant to this section shall be exempt from the assessments imposed under ss. 215.555, 627.351 and 631.57.

(7) Reinsurance companies complying with s. 624.610 may issue coverage directly to a public housing authority self-
insuring its liabilities under this section. A public housing authority purchasing reinsurance shall be considered an insurer for the sole purpose of entering into such reinsurance contracts. Contracts of reinsurance issued to public housing authorities self-insuring under this section shall receive the same tax treatment as reinsurance contracts issued to insurance companies. However, the purchase of reinsurance coverage by a public housing authority self-insuring under this section shall not be construed as authorization to otherwise act as an insurer.

================= T I T L E  A M E N D M E N T =================
And the title is amended as follows:

Delete line 3542

and insert:

under specified circumstances; amending s. 624.46226, F.S.; revising the criteria for public housing authorities to qualify for a self-insurance fund relating to specified casualty insurance; amending s. 626.852, F.S.;