

THE FLORIDA SENATE
2013 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/HB 1191 — Captive Insurance

by Insurance and Banking Subcommittee and Rep. Nelson (CS/CS/SB 1408 by Appropriations Committee, Banking and Insurance Committee, and Senator Richter)

Current law requires that to be a qualifying reinsurer parent company, a reinsurer must hold a certificate of authority or a letter of eligibility, or be an accredited or satisfactory non-approved reinsurer. The bill removes the current allowance for a satisfactory non-approved reinsurer or a reinsurer that possesses a letter of eligibility to be acceptable alternatives to qualify as being a qualifying reinsurer parent company. The bill, however, adds the alternative that if a reinsurer qualifies for credit for reinsurance under s. 624.610(3), F.S., it will be considered a qualifying reinsurer parent company, even if it does not hold a certificate of authority.

Current law allows an industrial insured captive insurance company to insure only the risks of the industrial insureds that comprise the industrial insured group and their affiliated companies. The bill broadens the entities that an industrial insured captive insurance company is allowed to insure to include the industrial insureds' and affiliates' stockholders or members, and affiliates thereof, or the stockholders or affiliates of the parent corporation of the captive insurance company. The bill allows an industrial insured captive insurance company with unencumbered capital and surplus of at least \$20 million to be licensed to provide workers' compensation and employer's liability insurance in excess of \$25 million in the annual aggregate.

The bill exempts captive insurance companies from the statutory trust deposit required under s. 624.411, F.S., as a condition of obtaining a certificate of authority to transact insurance. A pure captive insurance company must submit to the Office of Insurance Regulation its standards to ensure a parent or affiliated company is able to exercise control of the risk management function of any controlled unaffiliated business that is to be insured by the pure captive insurance company. The bill deletes the current authorization for the Financial Services Commission to adopt rules establishing such standards.

If approved by the Governor, these provisions take effect July 1, 2013.

Vote: Senate 38-0; House 116-0