

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

SB 356 — Mutual Insurance Corporations

by Senator Abruzzo

The bill allows a financial guaranty insurance corporation to be organized as a mutual insurer. If the corporation is organized as a mutual insurer, it must be organized and licensed in accordance with the provisions of the Florida Insurance Code. Financial guaranty insurance is a surety bond, insurance policy, or indemnity contract issued by an insurer, or a similar guaranty, under which loss is payable once the insured claimant, obligee, or indemnitee provides proof of an occurrence of:

- The failure, as a result of a financial default or insolvency of an obligor on a debt instrument or other monetary obligation to make principal, interest, premium, dividend, or purchase price payments when due;
- Changes in interest rate levels or the differential in interest rates between various markets or products;
- Changes in currency exchange rates;
- Changes in the value of specific assets or commodities, financial or commodity indices, or price levels in general; or
- Other events that the Office of Insurance Regulation determines are substantially similar to any of the foregoing.

The bill permits a mutual insurance holding company to acquire the membership interests of a not-for-profit insurance company or nonprofit health care plan. The mutual insurance holding company may also acquire a not-for-profit insurance company or nonprofit health care plan through the merger of such entities with a mutual insurance company or a not-for-profit insurance company subsidiary of the mutual insurance holding company or intermediate holding company. The bill allows a not-for profit insurance company subsidiary to pay dividends or distributions to its mutual insurance holding company.

If approved by the Governor, except as otherwise provided, these provisions take effect upon becoming law.

Vote: Senate 38-0; House 112-0