

Committee on Banking and Insurance

HB 797 — Florida Life and Health Insurance Guaranty Association

by Representative Robinson, W. (SB 1470 by Senator Boyd)

The bill revises provisions relating to the Florida Life and Health Insurance Guaranty Association (FLAHIGA), the guaranty association for most insurance companies that write life and health insurance or annuities in Florida. The bill incorporates some recent changes made to the National Association of Insurance Commissioners' (NAIC) Life and Health Guaranty Association Model Act and makes additional revisions. The bill:

- Adds a definition for the term “Moody’s Corporate Bond Yield Average.”
- Amends the definition of “person” to include “limited liability company” and “governmental body or entity.”
- Clarifies that, in dealing with an impaired domestic insurer, FLAHIGA may assume or reissue covered policies, in addition to guaranteeing and reinsuring the policies.
- Expressly provides that FLAHIGA has the right to appear or intervene before a court or agency in another state which has jurisdiction over an impaired or insolvent insurer for which FLAHIGA is or may become obligated, or a person or property against whom FLAHIGA may have rights through subrogation or otherwise.
- Provides that, for the purposes of FLAHIGA’s standing to appear before any court in this state, FLAHIGA’s powers and duties include reissuing or modifying covered policies.
- Provides that FLAHIGA may take legal action to recover payment of improper claims.
- Clarifies that FLAHIGA has the authority to join an organization of other state guaranty associations to further the purposes and to carry out the powers and duties of FLAHIGA.
- As to Class A assessments, which pay FLAHIGA’s general administrative expenses, removes the cap of \$250, permits the assessment to be made on a pro rata basis, and allows FLAHIGA’s board to credit the assessments against future assessment related to insurer insolvencies.
- Provides that, if an insurer’s assessment is deferred because the assessment would endanger the insurer’s financial solvency, the insurer must pay the assessment once it regains financial strength.
- Removes the reduced assessment cap for nonprofit insurers that issue annuity contracts to education groups, thus making such insurers subject to the assessment cap for all other annuity insurers.
- Directs that FLAHIGA establish a procedure for removing a board member if that member becomes impaired or insolvent, and requires the FLAHIGA board of directors to establish a policy and procedure to address conflicts of interest.

If approved by the Governor, these provisions take effect July 1, 2021.

Vote: Senate 40-0; House 118-0