1   A bill to be entitled
2   An act relating to self-insurance funds; creating s.
3   624.4626, F.S.; authorizing certain electric cooperatives
4   to operate a self-insurance fund for certain purposes;
5   providing requirements; subjecting such funds to certain
6   assessments; exempting such funds from certain group self-
7   insurance fund requirements under certain circumstances;
8   amending s. 624.472, F.S.; revising type requirements for
9   contingent liability policies; amending s. 631.904, F.S.;
10   revising the definition of "self-insurance fund" under the
11   Florida Workers' Compensation Insurance Guaranty
12   Association Act to exclude certain types of self-insurance
13   funds; providing an effective date.
14
15   Be It Enacted by the Legislature of the State of Florida:
16
17   Section 1. Section 624.4626, Florida Statutes, is created
18   to read:
19   624.4626 Electric cooperative self-insurance fund.--
20   (1) Notwithstanding any other provision of law, any two or
21   more electric cooperatives organized pursuant to chapter 425 may
22   operate a self-insurance fund for the purpose of pooling and
23   spreading liabilities of its group members in securing the
24   payment of benefits under chapter 440, provided the self-
25   insurance fund must:
26   (a) Require that every member of the fund is jointly and
27   severally liable for the obligations of the fund.
28   (b) Maintain a continuing program of excess insurance

29 coverage and reserve evaluation to protect the financial

30 stability of the fund in an amount and manner determined by a

31 qualified and independent actuary.

32   (c) Subscribe to, or be a member of, a rating organization

33 as prescribed in s. 627.231.

34   (d) Have its year-end financial statement audited by an

35 independent certified public accountant within 6 months after

36 the end of the fiscal year.

37   (e) Have a governing body which is comprised of a

38 representative from each member of the fund.

39   (f) Limit membership in the fund to electric cooperatives

40 that operate in this state, their subsidiaries, and the current

41 members of the Florida Rural Electric Self-Insurer's Fund.

42   (g) At renewal, provide the members of the fund a

43 disclosure statement that notifies the members that the fund is

44 not regulated by the office.

45   (2) A self-insurance fund that meets the requirements of

46 this section is subject to the assessments set forth in ss.

47 440.49(9), 440.51(1), and 624.4621(7), but is not subject to any

48 other provision of s. 624.4621 and is not required to file any

49 report with the department under s. 440.38(2)(b) which is

50 uniquely required of group self-insurer funds qualified under s.

51 624.4621.

52   Section 2. Subsection (3) of section 624.472, Florida

53 Statutes, is amended to read:

54   624.472 Member's liability.--

55   (3) Each policy issued by the fund shall contain a

56 statement of the contingent liability. Both the application for

57 insurance and the policy shall contain, in boldface ~~contrasting~~
58 ~~color~~ and ~~in~~ not less than 10-point type, the following
59 statements: "This is a fully assessable policy. If ~~In the event~~
60 the fund is unable to pay its obligations, policyholders will be
61 required to contribute on a pro rata earned premium basis the
62 money necessary to meet any unfilled obligations." In lieu of
63 the notice provided for above, a fund with governmental entity
64 members shall provide the following notice to members other than
65 governmental entities: "This is a fully assessable policy. In
66 the event the fund is unable to pay its obligations related to
67 members which are not governmental entities, the policyholders
68 which are not governmental entities will be required to
69 contribute on a pro rata earned premium basis the money
70 necessary to meet any such unfilled obligations." A fund with
71 governmental entity members shall provide the following notice
72 to governmental entity members: "This is a fully assessable
73 policy. In the event the fund is unable to pay its obligations
74 related to governmental entity members, governmental entity
75 policyholders will be required to contribute on a pro rata
76 earned premium basis the money necessary to meet any such
77 unfilled obligations." If the application is signed by the
78 applicant, it must be conclusively presumed that there was an
79 informed, knowing acceptance of the assessment liability that
80 exists as a result of participation in the fund.
81   Section 3. Subsection (6) of section 631.904, Florida
82 Statutes, is amended to read:
83   631.904 Definitions.--As used in this part, the term:

84   (6) "Self-insurance fund" means a group self-insurance
85 fund authorized under s. 624.4621, a commercial self-insurance
86 fund writing workers' compensation insurance authorized under s.
87 624.462, or an assessable mutual insurer authorized under s.
88 628.6011. For purposes of this act, the term "self-insurance
89 fund" does not include a qualified local government self-
90 insurance fund, as defined in s. 624.4622, an independent
91 educational institution self-insurance fund as defined in s.
92 624.4623, an electric cooperative self-insurance fund as
93 described in s. 624.4626, or an individual self-insurer as
94 defined in s. 440.385.
95   Section 4. This act shall take effect July 1, 2009.