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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/27/2011	.	
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The Committee on Rules (Richter) recommended the following:

Senate Amendment (with title amendment)

Between lines 669 and 670
insert:

Section 12. Section 628.901, Florida Statutes, is amended
to read:

628.901 Definitions ~~"Captive insurer" defined.~~ As used in
~~For the purposes of this part, the term: except as provided in~~
~~s. 628.903, a "captive insurer" is a domestic insurer~~
~~established under part I to insure the risks of a specific~~
~~corporation or group of corporations under common ownership~~
~~owned by the corporation or corporations from which it accepts~~
~~risk under a contract of insurance.~~



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14 (1) "Association" means a legal association of nursing
15 homes, hospitals, skilled nursing facilities, assisted living
16 facilities, or continuing care retirement communities.

17 (2) "Association captive insurer" means a company that
18 insures risks of the member organizations of the association and
19 their affiliated companies.

20 (3) "Captive insurer" means a pure captive insurer, an
21 industrial insured captive insurer, or an association captive
22 insurer domiciled in this state and formed or licensed under
23 this part.

24 (4) "Industrial insured" means an insured that:

25 (a) Has gross assets in excess of \$50 million;

26 (b) Procures insurance through the use of a full-time
27 employee of the insured who acts as an insurance manager or
28 buyer or through the services of a person licensed as a property
29 and casualty insurance agent, broker, or consultant in such
30 person's state of domicile;

31 (c) Has at least 100 full-time employees; and

32 (d) Pays annual premiums of at least \$200,000 for each line
33 of insurance purchased from the industrial insured captive
34 insurer, or at least \$75,000 for any line of coverage in excess
35 of at least \$25 million in the annual aggregate. The purchase of
36 umbrella or general liability coverage in excess of \$25 million
37 in the annual aggregate is deemed to be the purchase of a single
38 line of insurance.

39 (5) "Industrial insured captive insurer" means a captive
40 insurer that:

41 (a) Has as its stockholders or members only industrial
42 insureds that the captive insurer insures, or has as its sole



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43 stockholder a corporation whose sole stockholders are industrial
44 insureds that the captive insurer insures; and

45 1. Provides insurance only to the industrial insureds that
46 are its stockholders or members, and affiliates thereof, or to
47 the stockholders, and affiliates thereof, of its parent
48 corporation; or

49 2. Provides reinsurance only on risks written by insurers
50 of industrial insureds who are the stockholders or members, and
51 affiliates thereof, of the captive insurer, or the stockholders,
52 and affiliates thereof, of the parent corporation of the captive
53 insurer;

54 (b) Maintains unimpaired capital and surplus of at least
55 \$20 million; and

56 (c) If licensed in this state before December 31, 1999, or
57 if any subsidiary formed by the licensed insurer on or after
58 December 31, 1999, has:

59 1. Gross assets in excess of \$10 million and procures
60 insurance through the use of a full-time employee of the insured
61 who acts as an insurance manager or buyer or through the
62 services of a person licensed as a property and casualty
63 insurance agent, broker, or consultant in such person's state of
64 domicile;

65 2. At least 25 full-time employees; and

66 3. Annual aggregate premiums for all insurance risks which
67 total at least \$100,000.

68
69 As used in this subsection, the term "affiliate" means a person
70 that directly or indirectly, through one or more intermediaries,
71 controls, is controlled by, or is under common control with one



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72 or more of the stockholders or members of an industrial insured
73 captive insurer or one or more of the stockholders of the parent
74 corporation of an industrial insured captive insurer.

75 (6) "Pure captive insurer" means a company that insures the
76 risks of its parent, affiliated companies, controlled
77 unaffiliated businesses, or a combination thereof.

78 Section 13. Section 628.903, Florida Statutes, is repealed.

79 Section 14. Section 628.905, Florida Statutes, is amended
80 to read:

81 628.905 Licensing; authority.—In order to conduct insurance
82 business in this state, a captive insurer must obtain a license
83 from the office.

84 (1) A ~~Any~~ captive insurer, if ~~when~~ permitted by its charter
85 or articles of incorporation, may apply to the office for a
86 license to provide commercial property, commercial casualty, and
87 commercial marine insurance. ~~coverage other than workers'~~
88 ~~compensation and employer's liability insurance coverage, except~~
89 ~~that~~ An industrial insured captive insurer may also apply for a
90 license to provide workers' compensation and employer's
91 liability insurance as set forth in subsection (5) ~~(6)~~.

92 (2) A ~~No~~ captive insurer, other than an industrial insured
93 captive insurer, may not ~~shall~~ insure or accept reinsurance on
94 any risks other than those of its parent and affiliated
95 companies.

96 (3) In addition to information otherwise required by this
97 code, each applicant captive insurer shall file with the office
98 evidence:

99 (a) Of the adequacy of the loss prevention program of its
100 insureds.



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101 (b) That it intends to employ or contract with a reputable
102 person or firm that possesses the appropriate expertise,
103 experience, and character to manage the association captive
104 insurer.

105 (4) If an association captive insurer operates with
106 separate cells or segregated accounts, a certificate of
107 insurance used to satisfy financial responsibility laws shall be
108 issued in an amount not exceeding the total funds in the
109 segregated accounts or separate cells of each member
110 organization of the association.

111 (5)(4) An industrial insured captive insurer:

112 (a) Need not be incorporated in this state if it has been
113 validly incorporated under the laws of another jurisdiction;

114 (b)(5) An industrial insured captive insurer Is subject to
115 all provisions of this part except as otherwise indicated; and

116 (c)(6) An industrial insured captive insurer May not
117 provide workers' compensation and employer's liability insurance
118 except in excess of at least \$25 million in the annual
119 aggregate.

120 Section 15. Section 628.908, Florida Statutes, is created
121 to read:

122 628.908 Principal place of business; annual meeting.-In
123 order to conduct insurance business in this state, a licensed
124 captive insurer must:

125 (1) Maintain its principal place of business in this state;
126 and

127 (2) Annually hold in this state at least one board of
128 directors' meeting; or, in the case of a reciprocal insurer, one
129 subscriber's advisory committee meeting; or, in the case of a



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130 limited liability company, one managing board's meeting.

131 Section 16. Paragraph (a) of subsection (2) and paragraph
132 (a) of subsection (3) of section 628.909, Florida Statutes, are
133 amended to read:

134 628.909 Applicability of other laws.—

135 (2) The following provisions of the Florida Insurance Code
136 shall apply to captive insurers who are not industrial insured
137 captive insurers to the extent that such provisions are not
138 inconsistent with this part:

139 (a) Chapter 624, except for ss. 624.407, 624.408, 624.4085,
140 624.40851, 624.4095, 624.425, and 624.426.

141 (3) The following provisions of the Florida Insurance Code
142 shall apply to industrial insured captive insurers to the extent
143 that such provisions are not inconsistent with this part:

144 (a) Chapter 624, except for ss. 624.407, 624.408, 624.4085,
145 624.40851, 624.4095, 624.425, 624.426, and 624.609(1).

146

147 ===== T I T L E A M E N D M E N T =====

148 And the title is amended as follows:

149 Delete line 49

150 and insert:

151 insurance coverage; amending s. 628.901, F.S.;

152 providing definitions; repealing s. 628.903, F.S.,

153 relating to the definition of the term "industrial

154 insured captive insurer"; amending s. 628.905, F.S.;

155 requiring a captive insurer to obtain a license and to

156 file evidence that a person or firm with whom it

157 intends to conduct business is reputable; providing

158 that a certificate of insurance for an association



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159 captive insurer does not exceed the total funds of the
160 association members; creating s. 628.908, F.S.;
161 requiring a licensed captive insurer to maintain its
162 principal place of business in this state and hold an
163 annual meeting in this state; amending s. 628.909,
164 F.S.; applying additional provisions of the insurance
165 code to captive insurers; creating s. 634.1711, F.S.;