

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative Nuñez offered the following:

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3 **Amendment to Amendment (399507) (with title amendment)**

4 Between lines 177 and 178, insert:

5 Section 7. Section 624.46226, Florida Statutes, is amended
6 to read:

7 624.46226 Public housing authorities self-insurance funds;
8 exemption for taxation and assessments.—

9 (1) Notwithstanding any other provision of law, any two or
10 more public housing authorities in the state as defined in
11 chapter 421 may form a self-insurance fund for the purpose of
12 pooling and spreading liabilities of its members as to any one
13 or combination of casualty risk or real or personal property
14 risk of every kind and every interest in such property against
15 loss or damage from any hazard or cause and against any loss

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16 consequential to such loss or damage, provided the self-
17 insurance fund that is created:

18 (a) Has annual normal premiums in excess of \$3.5 ~~\$5~~
19 million.

20 (b) Uses a qualified actuary to determine rates using
21 accepted actuarial principles and annually submits to the office
22 a certification by the actuary that the rates are actuarially
23 sound and are not inadequate, as defined in s. 627.062.

24 (c) Uses a qualified actuary to establish reserves for
25 loss and loss adjustment expenses and annually submits to the
26 office a certification by the actuary that the loss and loss
27 adjustment expense reserves are adequate. If the actuary
28 determines that reserves are not adequate, the fund shall file
29 with the office a remedial plan for increasing the reserves or
30 otherwise addressing the financial condition of the fund,
31 subject to a determination by the office that the fund will
32 operate on an actuarially sound basis and the fund does not pose
33 a significant risk of insolvency.

34 (d) Maintains a continuing program of excess insurance
35 coverage and reserve evaluation to protect the financial
36 stability of the fund in an amount and manner determined by a
37 qualified and independent actuary. At a minimum, this program
38 must:

39 1. Purchase excess insurance from authorized insurance
40 carriers or eligible surplus lines insurers.

41 2. Retain a per-loss occurrence that does not exceed the
42 lesser of \$350,000 or the surplus of the fund as reported in the
43 immediately preceding audited fiscal year end financial

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44 statement. If not identified as surplus in the audited financial
45 statements, surplus shall be the difference of the total assets
46 minus the total liabilities.

47 (e) Submits to the office annually an audited fiscal year-
48 end financial statement by an independent certified public
49 accountant within 6 months after the end of the fiscal year.

50 (f) Has a governing body which is comprised entirely of
51 commissioners of public housing authorities that are members of
52 the public housing authority self-insurance fund or persons
53 appointed by the commissioners of public housing authorities
54 that are members of the public housing authority self-insurance
55 fund.

56 (g) Uses knowledgeable persons or business entities to
57 administer or service the fund in the areas of claims
58 administration, claims adjusting, underwriting, risk management,
59 loss control, policy administration, financial audit, and legal
60 areas. Such persons must meet all applicable requirements of law
61 for state licensure and must have at least 5 years' experience
62 with commercial self-insurance funds formed under s. 624.462,
63 self-insurance funds formed under s. 624.4622, or domestic
64 insurers.

65 (h) Submits to the office copies of contracts used for its
66 members that clearly establish the liability of each member for
67 the obligations of the fund.

68 (i) Annually submits to the office a certification by the
69 governing body of the fund that, to the best of its knowledge,
70 the requirements of this section are met.

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71 (2) As used in this section, the term "qualified actuary"
72 means an actuary that is a member of the Casualty Actuarial
73 Society or the American Academy of Actuaries.

74 (3) A public housing authority's self-insurance fund that
75 meets the requirements of this section is not:

76 (a) An insurer for purposes of participation in or
77 coverage by any insurance guaranty association established by
78 chapter 631; or

79 (b) Subject to s. 624.4621 and is not required to file any
80 report with the department under s. 440.38(2)(b) that is
81 uniquely required of group self-insurer funds qualified under s.
82 624.4621.

83 (4) Premiums, contributions, and assessments received by a
84 public housing authority's self-insurance fund are subject to
85 ss. 624.509(1) and (2) and 624.5092, except that the tax rate
86 shall be 1.6 percent of the gross amount of such premiums,
87 contributions, and assessments.

88 (5) If any of the requirements of subsection (1) are not
89 met, a public housing authority's self-insurance fund is subject
90 to the requirements of s. 624.4621 if the fund provides only
91 workers' compensation coverage or is subject to the requirements
92 of ss. 624.460-624.488 if the fund provides coverage for other
93 property, casualty, or surety risks.

94 (6) Any public housing authority in the state as defined
95 in chapter 421 that is a member of a self-insurance fund
96 pursuant to this section shall be exempt from the assessments
97 imposed under ss. 215.555, 627.351 and 631.57.

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98 (7) Reinsurance companies complying with s. 624.610 may
99 issue coverage directly to a public housing authority self-
100 insuring its liabilities under this section. A public housing
101 authority purchasing reinsurance shall be considered an insurer
102 for the sole purpose of entering into such reinsurance
103 contracts. Contracts of reinsurance issued to public housing
104 authorities self-insuring under this section shall receive the
105 same tax treatment as reinsurance contracts issued to insurance
106 companies. However, the purchase of reinsurance coverage by a
107 public housing authority self-insuring under this section shall
108 not be construed as authorization to otherwise act as an
109 insurer.

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113 **T I T L E A M E N D M E N T**

114 Remove line 3542 and insert:
115 under specified circumstances; amending s. 624.46226, F.S.;
116 revising the criteria for public housing authorities to qualify
117 for a self-insurance fund relating to specified casualty
118 insurance; amending s. 626.852, F.S.;