

Amendment No.

CHAMBER ACTION

Senate

House

.

1 Representative Nuñez offered the following:

2

3 **Amendment**

4 Remove lines 135-237 and insert:

5 (2) "Captive insurance company" means a domestic insurer
6 established under this part. A captive insurance company
7 includes a pure captive insurance company, special purpose
8 captive insurance company, or industrial insured captive
9 insurance company formed and licensed under this part.

10 (3) "Captive reinsurance company" means a reinsurance
11 company that is formed and licensed under this part and is
12 wholly owned by a qualifying reinsurance parent company. A
13 captive reinsurance company is a stock corporation and may only
14 reinsure risks. A captive reinsurance company may not directly
15 insure risks.

Amendment No.

16 (4) "Consolidated debt to total capital ratio" means the
17 ratio of the sum of all debts and hybrid capital instruments as
18 described in paragraph (a) to total capital as described in
19 paragraph (b).

20 (a) Debts and hybrid capital instruments include, but are
21 not limited to, all borrowings from banks, all senior debt, all
22 subordinated debts, all trust preferred shares, and all other
23 hybrid capital instruments that are not included in the
24 determination of consolidated GAAP net worth issued and
25 outstanding.

26 (b) Total capital consists of all debts and hybrid capital
27 instruments as described in paragraph (a) plus owners' equity
28 determined in accordance with GAAP for reporting to the United
29 States Securities and Exchange Commission.

30 (5) "Consolidated GAAP net worth" means the consolidated
31 owners' equity determined in accordance with generally accepted
32 accounting principles for reporting to the United States
33 Securities and Exchange Commission.

34 (6) "Controlled unaffiliated business" means a company:

35 (a) That is not in the corporate system of a parent and
36 affiliated companies;

37 (b) That has an existing contractual relationship with a
38 parent or affiliated company; and

39 (c) Whose risks are managed by a captive insurance company
40 in accordance with s. 628.919.

41 (7) "GAAP" means generally accepted accounting principles.

42 (8) "Industrial insured" means an insured that:

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

634279

Approved For Filing: 2/21/2012 1:42:50 PM

Amendment No.

44 (b) Procures insurance through the use of a full-time
45 employee of the insured who acts as an insurance manager or
46 buyer or through the services of a person licensed as a property
47 and casualty insurance agent, broker, or consultant in such
48 person's state of domicile;

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

50 (d) Pays annual premiums of at least \$200,000 for each
51 line of insurance purchased from the industrial insured captive
52 insurer or at least \$75,000 for any line of coverage in excess
53 of at least \$25 million in the annual aggregate. The purchase of
54 umbrella or general liability coverage in excess of \$25 million
55 in the annual aggregate shall be deemed to be the purchase of a
56 single line of insurance.

57 (9) "Industrial insured captive insurance company" means a
58 captive insurance company that provides insurance only to the
59 industrial insureds that are its stockholders or members, and
60 affiliates thereof, or to the stockholders, and affiliates
61 thereof, of its parent corporation. An industrial insured
62 captive insurance company may also provide reinsurance to
63 insurers only on risks written by such insurers for the
64 industrial insureds who are the stockholders or members, and
65 affiliates thereof, of the industrial insured captive insurance
66 company, or the stockholders, and affiliates thereof, of the
67 parent corporation of the industrial insured captive insurance
68 company.

69 (10) "Office" means the Office of Insurance Regulation.

70 (11) "Parent" means any corporation, limited liability
71 company, partnership, or individual that directly or indirectly

634279

Approved For Filing: 2/21/2012 1:42:50 PM

Amendment No.

72 owns, controls, or holds with power to vote more than 50 percent
73 of the outstanding voting interests of a captive insurance
74 company.

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

78 (13) "Qualifying reinsurer parent company" means a
79 reinsurer that currently holds a certificate of authority or
80 letter of eligibility or is an accredited or a satisfactory
81 nonapproved reinsurer in this state possessing a consolidated
82 GAAP net worth of not less than \$500 million and a consolidated
83 debt to total capital ratio of not greater than 0.50.

84 (14) "Special purpose captive insurance company" means a
85 captive insurance company that is formed or licensed under this
86 chapter that does not meet the definition of any other type of
87 captive insurance company defined in this section.

88 (15) "Treasury rates" means the United States Treasury
89 STRIPS asked yield as published in the Wall Street Journal as of
90 a balance sheet date.