

1 A bill to be entitled
 2 An act relating to financial guaranty insurance
 3 corporations; amending ss. 627.971 and 627.972, F.S.;
 4 providing that such corporations include licensed
 5 mutual insurers as well as licensed stock insurers;
 6 providing an effective date.

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 8 Be It Enacted by the Legislature of the State of Florida:

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 10 Section 1. Subsection (6) of section 627.971, Florida
 11 Statutes, is amended to read:

12 627.971 Definitions.—As used in this part:

13 (6) "Financial guaranty insurance corporation" means a
 14 stock or mutual insurer licensed to transact financial guaranty
 15 insurance business in this state.

16 Section 2. Subsection (1) of section 627.972, Florida
 17 Statutes, is amended to read:

18 627.972 Organization; financial requirements.—

19 (1) A financial guaranty insurance corporation must be
 20 organized and licensed in the manner prescribed in this code for
 21 stock or mutual property and casualty insurers except that:

22 (a) A corporation organized to transact financial guaranty
 23 insurance may, subject to ~~the provisions of~~ this code, be
 24 licensed to transact:

- 25 1. Residual value insurance, as defined by s. 624.6081;
- 26 2. Surety insurance, as defined by s. 624.606;
- 27 3. Credit insurance, as defined by s. 624.605(1)(i); and
- 28 4. Mortgage guaranty insurance as defined in s. 635.011

29 | ~~if, provided that~~ the provisions of chapter 635 are met.

30 | (b)1. Prior to the issuance of a license, a corporation
 31 | must submit to the office for approval, ~~a~~ a plan of operation
 32 | detailing:

33 | a. The types and projected diversification of guaranties
 34 | to be issued;

35 | b. The underwriting procedures to be followed;

36 | c. The managerial oversight methods;

37 | d. The investment policies; and

38 | e. Any other matters prescribed by the office. ~~+~~

39 | 2. An insurer that ~~which~~ is writing only the types of
 40 | insurance allowed under this part on July 1, 1988, and otherwise
 41 | meets the requirements of this part, is exempt from ~~the~~
 42 | ~~requirements of~~ this paragraph.

43 | (c) An insurer transacting financial guaranty insurance is
 44 | subject to all provisions of this code which ~~that~~ are applicable
 45 | to property and casualty insurers to the extent that those
 46 | provisions are not inconsistent with this part.

47 | (d) The investments of an insurer transacting financial
 48 | guaranty insurance in any entity insured by the corporation may
 49 | not exceed 2 percent of its admitted assets as of the end of the
 50 | prior calendar year.

51 | (e) An insurer transacting financial guaranty insurance
 52 | may only assume those lines of insurance for which it is
 53 | licensed to write direct business.

54 | Section 3. This act shall take effect upon becoming a law.