

By the Committee on Banking and Insurance; and Senator Richter

597-01653-15

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1 A bill to be entitled
2 An act relating to insurance guaranty associations;
3 amending s. 625.012, F.S.; revising the definition of
4 the term "asset" to include Florida Insurance Guaranty
5 Association assessments, under certain conditions, for
6 purposes of determining the financial condition of an
7 insurer; amending ss. 631.717 and 631.737, F.S.;
8 transferring a provision relating to the obligation of
9 the Florida Life and Health Insurance Guaranty
10 Association to pay valid claims under certain
11 circumstances; reenacting ss. 624.316(1)(a), 625.031,
12 625.305(1), 627.828(3)(b), and 629.401(6)(a), F.S., to
13 incorporate the amendments made to s. 625.012, F.S.,
14 in references thereto; providing an effective date.
15

16 Be It Enacted by the Legislature of the State of Florida:
17

18 Section 1. Subsections (15) and (16) of section 625.012,
19 Florida Statutes, are redesignated as subsections (16) and (17),
20 respectively, and a new subsection (15) is added to that
21 section, to read:

22 625.012 "Assets" defined.—In any determination of the
23 financial condition of an insurer, there shall be allowed as
24 "assets" only such assets as are owned by the insurer and which
25 consist of:

26 (15) (a) Assessments levied under s. 631.57(3)(a) and (e)
27 which are paid before policy surcharges are collected and result
28 in a receivable for policy surcharges to be collected in the
29 future. This amount, to the extent it is likely that it will be

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30 realized, meets the definition of an admissible asset as
31 specified in the National Association of Insurance
32 Commissioners' Statement of Statutory Accounting Principles No.
33 4. The asset shall be established and recorded separately from
34 the liability regardless of whether it is based on a
35 retrospective or prospective premium-based assessment. If an
36 insurer is unable to fully recoup the amount of the assessment
37 because of a reduction in writings or withdrawal from the
38 market, the amount recorded as an asset shall be reduced to the
39 amount reasonably expected to be recouped.

40 (b) Assessments levied as monthly installments under s.
41 631.57(3)(e)1.c. which are paid after policy surcharges are
42 collected so that the recognition of assets is based on actual
43 premium written offset by the obligation to the Florida
44 Insurance Guaranty Association.

45 Section 2. Subsection (11) of section 631.717, Florida
46 Statutes, is amended to read:

47 631.717 Powers and duties of the association.—

48 (11) The association is ~~shall~~ not be liable for any civil
49 action under s. 624.155 arising from any acts alleged to have
50 been committed by a member insurer before ~~prior to~~ its
51 liquidation. ~~This subsection does not affect the association's~~
52 ~~obligation to pay valid insurance policy or contract claims if~~
53 ~~warranted after its independent de novo review of the policies,~~
54 ~~contracts, and claims presented to it, whether domestic or~~
55 ~~foreign, after a Florida domestic rehabilitation or a~~
56 ~~liquidation.~~

57 Section 3. Section 631.737, Florida Statutes, is amended to
58 read:

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59 631.737 Rescission and review generally.—The association
60 shall review claims and matters regarding covered policies based
61 upon the record available to it on and after the date of
62 liquidation. Notwithstanding any other provision of this part,
63 in order to allow for orderly claims administration by the
64 association, entry of a liquidation order by a court of
65 competent jurisdiction ~~tolls shall be deemed to toll~~ for 1 year
66 any rescission or noncontestable period allowed by the contract,
67 the policy, or by law. The association's obligation is to pay
68 any valid insurance policy or contract claims, if warranted,
69 after its independent de novo review of the policies, contracts,
70 and claims presented to it, whether domestic or foreign,
71 following a rehabilitation or a liquidation.

72 Section 4. Paragraph (a) of subsection (1) of s. 624.316,
73 s. 625.031, subsection (1) of s. 625.305, paragraph (b) of
74 subsection (3) of s. 627.828, and paragraph (a) of subsection
75 (6) of s. 629.401, Florida Statutes, are reenacted for the
76 purpose of incorporating the amendments made by this act to s.
77 625.012, Florida Statutes, in references thereto.

78 Section 5. This act shall take effect July 1, 2015.