

HB 421

2017

1                   A bill to be entitled  
2           An act relating to public housing authority insurance;  
3           amending s. 624.46226, F.S.; authorizing a legal  
4           entity in which a public housing authority holds an  
5           ownership interest or participates in its governance  
6           to participate in the public housing authority's self-  
7           insurance funds; providing an effective date.  
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9   Be It Enacted by the Legislature of the State of Florida:  
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11           Section 1. Subsection (1) of section 624.46226, Florida  
12           Statutes, is amended to read:

13           624.46226 Public housing authorities self-insurance funds;  
14           exemption for taxation and assessments.—

15           (1) Notwithstanding any other provision of law, any two or  
16           more public housing authorities in the state as defined in  
17           chapter 421, or a for-profit or not-for-profit corporation,  
18           limited liability company, or other similar business entity in  
19           which a public housing authority holds an ownership interest or  
20           participates in its governance under s. 421.08(8), may form a  
21           self-insurance fund for the purpose of pooling and spreading  
22           liabilities of its members as to any one or combination of  
23           casualty risk or real or personal property risk of every kind  
24           and every interest in such property against loss or damage from  
25           any hazard or cause and against any loss consequential to such

26 | loss or damage, provided the self-insurance fund that is  
27 | created:

28 |       (a) Has annual normal premiums in excess of \$5 million.

29 |       (b) Uses a qualified actuary to determine rates using  
30 | accepted actuarial principles and annually submits to the office  
31 | a certification by the actuary that the rates are actuarially  
32 | sound and are not inadequate, as defined in s. 627.062.

33 |       (c) Uses a qualified actuary to establish reserves for  
34 | loss and loss adjustment expenses and annually submits to the  
35 | office a certification by the actuary that the loss and loss  
36 | adjustment expense reserves are adequate. If the actuary  
37 | determines that reserves are not adequate, the fund shall file  
38 | with the office a remedial plan for increasing the reserves or  
39 | otherwise addressing the financial condition of the fund,  
40 | subject to a determination by the office that the fund will  
41 | operate on an actuarially sound basis and the fund does not pose  
42 | a significant risk of insolvency.

43 |       (d) Maintains a continuing program of excess insurance  
44 | coverage and reserve evaluation to protect the financial  
45 | stability of the fund in an amount and manner determined by a  
46 | qualified and independent actuary. At a minimum, this program  
47 | must:

48 |           1. Purchase excess insurance from authorized insurance  
49 | carriers or eligible surplus lines insurers.

50 |           2. Retain a per-loss occurrence that does not exceed

51 | \$350,000.

52 |       (e) Submits to the office annually an audited fiscal year-  
53 | end financial statement by an independent certified public  
54 | accountant within 6 months after the end of the fiscal year.

55 |       (f) Has a governing body which is comprised entirely of  
56 | commissioners of public housing authorities that are members of  
57 | the public housing authority self-insurance fund or persons  
58 | appointed by the commissioners of public housing authorities  
59 | that are members of the public housing authority self-insurance  
60 | fund.

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

70 |       (h) Submits to the office copies of contracts used for its  
71 | members that clearly establish the liability of each member for  
72 | the obligations of the fund.

73 |       (i) Annually submits to the office a certification by the  
74 | governing body of the fund that, to the best of its knowledge,  
75 | the requirements of this section are met.

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76 |           Section 2.   This act shall take effect July 1, 2017.           |