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CS/CS/HB 421

2017 Legislature

1  
 2 An act relating to public housing authority insurance;  
 3 amending s. 624.46226, F.S.; authorizing certain  
 4 business entities to join self-insurance funds  
 5 participated in by certain public housing authorities  
 6 for a specified purpose; authorizing reinsurance  
 7 companies to issue coverage directly to certain self-  
 8 insuring entities organized by a public housing  
 9 authority under certain circumstances; specifying that  
 10 such entities are considered insurers under certain  
 11 circumstances; requiring that reinsurance contracts  
 12 issued to such entities receive the same tax treatment  
 13 as contracts issued to insurance companies; revising  
 14 construction; providing an effective date.

15  
 16 Be It Enacted by the Legislature of the State of Florida:

17  
 18 Section 1. Subsections (1) and (7) of section 624.46226,  
 19 Florida Statutes, are amended to read:

20 624.46226 Public housing authorities self-insurance funds;  
 21 exemption for taxation and assessments.—

22 (1) Notwithstanding any other provision of law, any two or  
 23 more public housing authorities in the state as defined in  
 24 chapter 421 may form a self-insurance fund for the purpose of  
 25 pooling and spreading liabilities of its members as to any one

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26 | or combination of casualty risk or real or personal property  
27 | risk of every kind and every interest in such property against  
28 | loss or damage from any hazard or cause and against any loss  
29 | consequential to such loss or damage, provided the self-  
30 | insurance fund that is created:

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

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

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

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

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51           1. Purchase excess insurance from authorized insurance  
52 carriers or eligible surplus lines insurers.

53           2. Retain a per-loss occurrence that does not exceed  
54 \$350,000.

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

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

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

73           (h) Submits to the office copies of contracts used for its  
74 members that clearly establish the liability of each member for  
75 the obligations of the fund.

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

79  
80 A for-profit or not-for-profit corporation, limited liability  
81 company, or other similar business entity in which a public  
82 housing authority holds an ownership interest or participates in  
83 its governance under s. 421.08(8) may join a self-insurance fund  
84 formed under this section in which such public housing authority  
85 participates. Such for-profit or not-for-profit corporation,  
86 limited liability company, or other similar business entity may  
87 join the self-insurance fund solely to insure risks related to  
88 public housing.

89 (7) Reinsurance companies complying with s. 624.610 may  
90 issue coverage directly to a public housing authority or an  
91 entity organized by a public housing authority under s.  
92 421.08(8) if such public housing authority or entity self-  
93 insures ~~self-insuring~~ its liabilities under this section. A  
94 public housing authority purchasing reinsurance or an entity  
95 that is organized by a public housing authority under s.  
96 421.08(8) and that is purchasing reinsurance shall be considered  
97 an insurer for the sole purpose of entering into such  
98 reinsurance contracts. Contracts of reinsurance issued to public  
99 housing authorities self-insuring under this section or issued  
100 to entities that are organized by public housing authorities

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101 under s. 421.08(8) and that are self-insuring under this section  
102 shall receive the same tax treatment as reinsurance contracts  
103 issued to insurance companies. However, the purchase of  
104 reinsurance coverage by a public housing authority self-insuring  
105 under this section or by an entity that is organized by a public  
106 housing authority under s. 421.08(8) and that is self-insuring  
107 under this section shall not be construed as authorization to  
108 otherwise act as an insurer.

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