

By Senator Rouson

19-01324-17

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1                   A bill to be entitled  
2           An act relating to public housing authority insurance;  
3           amending s. 624.46226, F.S.; authorizing a certain  
4           legal entity in which a public housing authority holds  
5           an ownership interest or participates in its  
6           governance to form a specified self-insurance fund  
7           with other such entities or public housing  
8           authorities; providing an effective date.  
9

10 Be It Enacted by the Legislature of the State of Florida:  
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12           Section 1. Subsection (1) of section 624.46226, Florida  
13 Statutes, is amended to read:

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

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

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

30           (b) Uses a qualified actuary to determine rates using  
31 accepted actuarial principles and annually submits to the office  
32 a certification by the actuary that the rates are actuarially

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33 sound and are not inadequate, as defined in s. 627.062.

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

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

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

51 2. Retain a per-loss occurrence that does not exceed  
52 \$350,000.

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

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

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

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

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

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