

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1868

SPONSOR: Senator Latvala

SUBJECT: Insurance

DATE: April 20, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Emrich	Deffenbaugh	BI	Favorable
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill redesignates s. 624.4435, F.S., which relates to assets of insurers and reporting requirements, as s. 624.4091, F.S.

This bill amends section 624.4435, Florida Statutes.

II. Present Situation:

Under present law, insurance companies are required to disclose to the Department of Insurance the acquisition or disposition of “material assets,” which means the reporting of a series of related acquisitions or dispositions occurring within a 30-day period. (s. 624.4435, F.S.) A “material acquisition of assets” or “material disposition of assets” is a nonrecurring transaction, not in the ordinary course of business, involving more than 5 percent of the insurer's admitted assets.

A “material nonrenewal, cancellation, or revision of a ceded reinsurance agreement,” in the case of property and casualty insurers, is one that involves more than 50 percent of the insurer's total ceded written premium or more than 50 percent of the insurer's total ceded indemnity and loss adjustment reserves. In the case of life and health insurers, it is one that involves more than 50 percent of the total reserve credit taken for business ceded. For all insurers, the replacement of an authorized reinsurer representing more than 10 percent of a total cession with one or more unauthorized reinsurers, or the reduction or waiver of previously established collateral requirements with respect to one or more unauthorized reinsurers representing more than 10 percent of a total cession would constitute a material nonrenewal, cancellation or revision.

Domestic insurers are required to file a report of material transactions within 15 days after the end of the month in which the transaction occurred, describing specified information about the transaction.

These reporting requirements, which essentially reveal the major transactions involving the acquisition or disposition of corporate assets, allows the department to assess an insurer's true financial condition.

Currently, s. 624.4435, F.S., the section described above, applies to all domestic insurance companies but is incorrectly located within the sections that otherwise apply only to multiple employer welfare arrangements. (ss. 624.436 – 624.446, F.S.)

III. Effect of Proposed Changes:

Section 1. Redesignates s. 624.4435, F.S., relating to assets and reporting requirements of insurers, as s. 624.4091, F.S. By redesignating the location of this section, which applies to all domestic insurance companies, it will no longer be incorrectly contained within the group of sections that otherwise apply only to multiple-employer welfare arrangements.

Section 2. Provides that the act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
