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LEGISLATIVE ACTION

Senate

House

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Floor: WD/2R

04/22/2010 11:28 AM

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Senator Fasano moved the following:

**Senate Amendment (with title amendment)**

Between lines 561 and 562

insert:

Section 5. Subsection (8) of section 624.424, Florida Statutes, is amended to read:

624.424 Annual statement and other information.—

(8) (a) All authorized insurers must have conducted an annual audit by an independent certified public accountant and must file an audited financial report with the office on or before June 1 for the preceding year ending December 31. The office may require an insurer to file an audited financial report earlier than June 1 upon 90 days' advance notice to the



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14 insurer. The office may immediately suspend an insurer's  
15 certificate of authority by order if an insurer's failure to  
16 file required reports, financial statements, or information  
17 required by this subsection or rule adopted pursuant thereto  
18 creates a significant uncertainty as to the insurer's continuing  
19 eligibility for a certificate of authority.

20 (b) Any authorized insurer otherwise subject to this  
21 section having direct premiums written in this state of less  
22 than \$1 million in any calendar year and fewer than 1,000  
23 policyholders or certificateholders of directly written policies  
24 nationwide at the end of such calendar year is exempt from this  
25 section for such year unless the office makes a specific finding  
26 that compliance is necessary in order for the office to carry  
27 out its statutory responsibilities. However, any insurer having  
28 assumed premiums pursuant to contracts or treaties or  
29 reinsurance of \$1 million or more is not exempt. Any insurer  
30 subject to an exemption must submit by March 1 following the  
31 year to which the exemption applies an affidavit sworn to by a  
32 responsible officer of the insurer specifying the amount of  
33 direct premiums written in this state and number of  
34 policyholders or certificateholders.

35 (c) The board of directors of an insurer shall hire the  
36 certified public accountant that prepares the audit required by  
37 this subsection and the board shall establish an audit committee  
38 of three or more directors of the insurer or an affiliated  
39 company. The audit committee shall be responsible for discussing  
40 audit findings and interacting with the certified public  
41 accountant with regard to her or his findings. The audit  
42 committee shall be comprised solely of members who are free from



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43 any relationship that, in the opinion of its board of directors,  
44 would interfere with the exercise of independent judgment as a  
45 committee member. The audit committee shall report to the board  
46 any findings of adverse financial conditions or significant  
47 deficiencies in internal controls that have been noted by the  
48 accountant. The insurer may request the office to waive this  
49 requirement of the audit committee membership based upon unusual  
50 hardship to the insurer.

51 (d) An insurer may not use the same accountant or partner  
52 of an accounting firm responsible for preparing the report  
53 required by this subsection for more than 5 7 consecutive years.  
54 Following this period, the insurer may not use such accountant  
55 or partner for a period of 5 2 years, but may use another  
56 accountant or partner of the same firm. An insurer may request  
57 the office to waive this prohibition based upon an unusual  
58 hardship to the insurer and a determination that the accountant  
59 is exercising independent judgment that is not unduly influenced  
60 by the insurer considering such factors as the number of  
61 partners, expertise of the partners or the number of insurance  
62 clients of the accounting firm; the premium volume of the  
63 insurer; and the number of jurisdictions in which the insurer  
64 transacts business.

65 (e) The commission shall adopt rules to implement this  
66 subsection, which rules must be in substantial conformity with  
67 the 1998 Model Rule Requiring Annual Audited Financial Reports  
68 adopted by the National Association of Insurance Commissioners  
69 or subsequent amendments, except where inconsistent with the  
70 requirements of this subsection. Any exception to, waiver of, or  
71 interpretation of accounting requirements of the commission must



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72 be in writing and signed by an authorized representative of the  
73 office. No insurer may raise as a defense in any action, any  
74 exception to, waiver of, or interpretation of accounting  
75 requirements, unless previously issued in writing by an  
76 authorized representative of the office.

77  
78 ===== T I T L E A M E N D M E N T =====

79 And the title is amended as follows:

80 Delete line 26

81 and insert:

82 a financial statement; F.S.; revising the frequency  
83 that an insurer may use the same accountant or partner  
84 to prepare an annual audited financial report;  
85 amending s. 626.7452, F.S.; amending s. 624.424,