

Senate Bill No. 218

An act relating to mortgage guaranty insurance; amending ss. 624.408, 635.042, F.S.; revising minimum surplus requirements for mortgage guaranty insurers; revising limits on total liability and exposure to losses for such insurers; requiring mortgage guaranty insurers to include certain information in audited financial reports required pursuant to s. 624.424(8); authorizing the Department of Insurance to take certain actions against a mortgage guaranty insurer that is not in compliance; providing an effective date.

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

Section 1. Section 624.408, Florida Statutes, is amended to read:

624.408 Surplus as to policyholders required; new and existing insurers.—

(1)(a) To maintain a certificate of authority to transact any one kind or combinations of kinds of insurance, as defined in part V of this chapter, an insurer in this state shall at all times maintain surplus as to policyholders not less than the greater of:

1. Except as provided in subparagraph 5. and paragraph (b), \$1.5 million;
2. For life insurers, 4 percent of the insurer's total liabilities;
3. For life and health insurers, 4 percent of the insurer's total liabilities plus 6 percent of the insurer's liabilities relative to health insurance; or
4. For all insurers other than mortgage guaranty insurers, life insurers, and life and health insurers, 10 percent of the insurer's total liabilities.
5. For property and casualty insurers, \$4 million.

(b) For any property and casualty insurer holding a certificate of authority on December 1, 1993, the following amounts apply instead of the \$4 million required by subparagraph (a)5.:

1. On December 31, 1998, and until December 30, 1999, \$2.25 million.
2. On December 31, 1999, and until December 30, 2000, \$2.5 million.
3. On December 31, 2000, and until December 30, 2001, \$2.75 million.
4. On December 31, 2001, and until December 30, 2002, \$3 million.
5. On December 31, 2002, and until December 30, 2003, \$3.25 million.
6. On December 31, 2003, and until December 30, 2004, \$3.6 million.
7. On December 31, 2004, and thereafter, \$4 million.

(2) For purposes of this section, liabilities shall not include liabilities required under s. 625.041(4). For purposes of computing minimum surplus as to policyholders pursuant to s. 625.305(1), liabilities shall include liabilities required under s. 625.041(4).

(3) No insurer shall be required under this section to have surplus as to policyholders greater than \$100 million.

(4) A mortgage guaranty insurer shall maintain a minimum surplus as required by s. 635.042.

Section 2. Section 635.042, Florida Statutes, is amended to read:

635.042 Minimum surplus requirement ~~Limitation on outstanding liability.~~—

(1) A mortgage guaranty insurer shall maintain a minimum surplus of not less than the greater of \$4 million or 10 percent of the insurer's total outstanding liabilities other than the required contingency reserve. A mortgage guaranty insurer is not required to have a surplus as to policyholders greater than \$100 million.

(2) A mortgage guaranty insurer must possess sufficient capital and surplus so that the total outstanding aggregate exposure net of reinsurance under mortgage guaranty policies written by the insurer does not exceed 25 times its paid-in capital, surplus, and contingency reserve combined. A mortgage guaranty insurer shall disclose in the audited financial reports required under s. 624.424(8), the total aggregate exposure net of reinsurance under mortgage guaranty policies written by the insurer.

(3) If a mortgage guaranty insurer is not in compliance with this section, the department may take any action against the insurer that the department may take against an insurer that is not in compliance with s. 624.408. No mortgage guaranty insurer may at any time have outstanding a total liability net of reinsurance, under its aggregate mortgage guaranty insurance policies, exceeding 25 times its paid-in capital, surplus, and contingency reserve combined.

Section 3. This act shall take effect July 1, 2001.

Approved by the Governor May 1, 2001.

Filed in Office Secretary of State May 1, 2001.