MEMORANDUM Agenda Item No. 11(A)(5)

TO: Honorable Chairman Joe A. Martinez and Members, Board of County Commissioners

DATE: July 19, 2011

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Resolution urging the Florida Legislature to enact legislation that would encourage the formation of captive insurance companies in Florida

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairman Joe A. Martinez.

R. A. Cuevas, Jr.
County Attorney

RAC/cp

MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: July 19, 2011

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 11(A)(5)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

___✓___ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous_____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(5)
7-19-11

RESOLUTION NO. _____

RESOLUTION URGING THE FLORIDA LEGISLATURE TO ENACT LEGISLATION THAT WOULD ENCOURAGE THE FORMATION OF CAPTIVE INSURANCE COMPANIES IN FLORIDA

WHEREAS, corporations establish captive insurance companies with the specific objective of financing risks emanating from their parent company or group; and

WHEREAS, creating a captive insurance company is a risk management technique by which a corporation forms its own insurance company subsidiary to finance its retained losses; and

WHEREAS, captive insurance companies are established to meet the individual needs of the captive insurance company's owners or members, and the captive insurance company may provide complete insurance coverage or partial insurance coverage, with excess risks reinsured with a third party reinsurer; and

WHEREAS, each captive insurance company is distinct but all seek certain common advantages that include reduced cost of coverage, mitigation of market swings in commercial insurance, improved cash flow, spreading of risk, improved risk retention capability and integration with an overall risk management plan; and

WHEREAS, captive insurance companies have become an important part of the insurance industry and allow states to attract substantial captive insurance industry business through a favorable state legislative and regulatory climate; and

WHEREAS, captive insurance involves bringing together a host of experts in drafting and pricing insurance coverage, including actuaries, tax specialists, risk managers, insurance

accountants, corporate and regulatory lawyers, domicile representatives and independent certified public accountants; and

WHEREAS, fostering a captive insurance industry in a state also can result in a significant boost to tourism revenue, as annual meetings must be held in the domicile state of the captive insurance company; and

WHEREAS, in the U.S., Vermont is home to more captive insurance companies than any other state, with nearly 900 licensed captive insurance companies as of August 2009; and

WHEREAS, a number of other U.S. states also have encouraged significant numbers of captive insurers to locate there, including Arizona, Hawaii, Montana, Nevada, New York and South Carolina; and

WHEREAS, on March 1, 2011, this Board passed Resolution No. 171-11 urging the Florida Legislature to enact legislation that would encourage the formation of captive insurance companies in Florida; and

WHEREAS, captive insurance bills were considered during the 2011 session, SB 1836 by Senator Miguel Diaz de la Portilla and HB 1235 by Representative Jeanette Nuñez, and while the Senate bill did receive a committee hearing, neither bill passed; and

WHEREAS, captive insurance language also was filed as amendments to some of the broader insurance packages that the Legislature considered during the 2011 session, but did not pass; and

WHEREAS, enactment of captive insurance legislation during the 2012 session of the Florida Legislature would be a means of encouraging economic development in Florida; and

WHEREAS, this Board supports enactment of captive insurance legislation during the 2012 session,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Urges the Florida Legislature to enact legislation that would encourage the formation of captive insurance companies in Florida, similar to such legislation in existence in other states such as Arizona, Hawaii, Montana, Nevada, New York, South Carolina and Vermont.

Section 2. Directs the Clerk of the Board to transmit a certified copy of this resolution to the Governor, Senate President, House Speaker, and the Chair and Members of the Miami-Dade County State Legislative Delegation.

Section 3. Directs the County's state lobbyists to advocate for the legislation set forth in Section 1 above, and authorizes and directs that the Office of Intergovernmental Affairs to include this item in the 2012 State Legislative Package.

The Prime Sponsor of the foregoing resolution is Chairman Joe A. Martinez. It was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman
Audrey M. Edmonson, Vice Chairwoman

Bruno A. Barreiro	Lynda Bell
Esteban L. Bovo, Jr.	Jose "Pepe" Diaz
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Rebeca Sosa	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 19th day of July, 2011. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Jess M. McCarty