

<b>Tab 1</b>	<b>SB 480 by DiCeglie;</b> Similar to CS/H 00497 Nonprofit Agricultural Organization Health Coverage				
205028	D	S	BI, DiCeglie	Delete everything after	03/07 12:53 PM
<b>Tab 2</b>	<b>SB 756 by Burton;</b> Identical to H 00377 Health Insurance Coverage for Individuals with Developmental Disabilities				
371536	A	S	BI, Burton	Delete L.111:	03/07 12:54 PM
<b>Tab 3</b>	<b>SB 944 by Davis;</b> Similar to H 00839 Insurance Overpayment Claims Submitted to Psychologists				
925584	A	S	BI, Davis	Delete L.11 - 39:	03/07 12:54 PM
<b>Tab 4</b>	<b>SB 988 by Truenow;</b> Similar to H 00379 Securities				
573800	D	S	BI, Truenow	Delete everything after	03/07 12:57 PM
<b>Tab 5</b>	<b>SB 1078 by McClain;</b> Identical to H 00551 Fire Prevention				
258716	A	S	BI, McClain	Delete L.63 - 153:	03/07 12:55 PM
<b>Tab 6</b>	<b>SB 1226 by DiCeglie;</b> Similar to H 00655 Pet Insurance and Wellness Programs				

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**

**BANKING AND INSURANCE**  
**Senator Ingoglia, Chair**  
**Senator Sharief, Vice Chair**

**MEETING DATE:** Monday, March 10, 2025  
**TIME:** 1:30—3:30 p.m.  
**PLACE:** Pat Thomas Committee Room, 412 Knott Building

**MEMBERS:** Senator Ingoglia, Chair; Senator Sharief, Vice Chair; Senators Boyd, Burton, Hooper, Martin, Osgood, Passidomo, Pizzo, and Truenow

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	<b>SB 480</b> DiCeglie (Similar H 497)	Nonprofit Agricultural Organization Health Coverage; Citing this act as the "Nonprofit Agricultural Organization Health Coverage Act of 2025"; authorizing nonprofit agricultural organizations to provide health coverage; specifying that such coverage is not insurance for purposes of the Florida Insurance Code, etc.	BI      03/03/2025 Temporarily Postponed BI      03/10/2025 CM RC
2	<b>SB 756</b> Burton (Identical H 377)	Health Insurance Coverage for Individuals with Developmental Disabilities; Revising the definitions of the terms "autism spectrum disorder" and "eligible individual", etc.	BI      03/10/2025 AHS FP
3	<b>SB 944</b> Davis (Similar H 839)	Insurance Overpayment Claims Submitted to Psychologists; Requiring that insurance overpayment claims submitted to psychologists be submitted within a specified timeframe, etc.	BI      03/10/2025 HP RC
4	<b>SB 988</b> Truenow (Similar H 379)	Securities; Revising the circumstances under which securities transactions are exempt from registration requirements; conforming cross-references; revising the filing requirements for securities issuers under the Florida Invest Local Exemption law; revising the list of persons who must submit fingerprints for live-scan processing for registration applications, etc.	BI      03/10/2025 AEG FP

**COMMITTEE MEETING EXPANDED AGENDA**

Banking and Insurance

Monday, March 10, 2025, 1:30—3:30 p.m.

---

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
5	<b>SB 1078</b> McClain (Identical H 551)	Fire Prevention; Requiring a local enforcement agency to issue a permit for a fire alarm system project or fire sprinkler system project within a specified time period; requiring an inspection required by the local enforcement agency of a fire alarm system project or fire sprinkler system project within a specified time period; specifying a condition under which a local amendment to the Florida Fire Prevention Code is immediately rescinded; requiring that a uniform summary inspection report include the total number of deficiencies found during the inspection of a fire protection system or hydrant, etc.	BI 03/10/2025 CA RC
6	<b>SB 1226</b> DiCeglie (Similar H 655)	Pet Insurance and Wellness Programs; Revising the definition of the term "property insurance" to include a pet insurance option; providing that certain practices relating to pet wellness programs are unfair methods of competition and unfair or deceptive acts or practices; creating the "Pet Insurance Act"; requiring pet insurers to disclose certain requirements for required medical examinations of a pet by a veterinarian, etc.	BI 03/10/2025 AEG FP
Other Related Meeting Documents			

---

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 480

INTRODUCER: Senator DiCeglie

SUBJECT: Nonprofit Agricultural Organization Health Coverage

DATE: February 28, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	<b>Pre-meeting</b>
2.			CM	
3.			RC	

---

**I. Summary:**

SB 480 allows nonprofit agricultural organizations to offer health coverage and specifies that such coverage is not insurance for purposes of the Florida Insurance Code (code). The exemption of these plans from the code will provide individuals and families with access to another option for securing coverage of health benefits through membership in a nonprofit agricultural organization. Many rural communities have limited access to plan choices, medical providers, and affordable coverage plans.<sup>1</sup> The nonprofit agricultural organization health coverage provided pursuant to the bill will be exempt from insurance regulation and consumer protections that apply to health insurance under the code.

The bill takes effect July 1, 2025.

The bill may have an indeterminate negative fiscal impact on state government premium tax revenues to the extent that purchasers of health insurance shift their business from health insurance to the exempt health plans offered by nonprofit agricultural organizations.

**II. Present Situation:**

**The Patient Protection and Affordable Care Act (PPACA)<sup>2</sup>**

On March 23, 2010, PPACA was signed into law. Among its sweeping changes to the U.S. health insurance system are requirements for health insurers to make coverage available to all

---

<sup>1</sup> Brownfield, State Farm Bureaus work to join successful health care coverage program (Mar. 22, 2024), <https://www.brownfieldagnews.com/news/state-farm-bureaus-work-to-join-successful-health-care-coverage-program/> (last visited Feb. 25, 2025).

<sup>2</sup> P.L. 111-148, 124 Stat. 119-1945 (2010). PPACA was amended by P.L. 111-152, the Health Care and Education Reconciliation Act of 2010.

individuals and employers,<sup>3</sup> without exclusions, for preexisting medical conditions<sup>4</sup> and without basing premiums on any health-related factors. PPACA imposes many insurance requirements, such as coverage of essential health benefits,<sup>5</sup> prohibition on lifetime dollar limits<sup>6</sup> on essential health benefits, rating and underwriting standards, reporting of medical loss ratios and payment of rebates,<sup>7</sup> internal and external appeals of adverse benefit determinations, and other requirements.<sup>8</sup> PPACA preempts any state law that prevents the application of a PPACA.

Some health insurance products that consumers may purchase are not required to comply with all the federal health insurance requirements. For example, short-term limited duration insurance<sup>9</sup> and excepted benefits<sup>10</sup> are not required to comply with PPACA requirements. The short-term plans generally have substantially lower premiums than PPACA plans. However, they exclude individuals with pre-existing conditions and offer more limited benefits than PPACA plans.<sup>11</sup>

### Regulation of Insurance in Florida

Florida's Office of Insurance Regulation (OIR)<sup>12</sup> is responsible for the regulation of all activities of insurers and other risk-bearing entities, including licensure, rates,<sup>13</sup> policy forms, market conduct, claims, solvency, administrative supervision, as provided under the Florida Insurance Code (code).<sup>14</sup> Insurance is classified into the following kinds of insurance: life, health, property, casualty, surety, marine, and title.<sup>15</sup> The code defines "insurance" as a contract whereby one undertakes to indemnify another or pay or allow a specified amount or a determinable benefit upon determinable contingencies.<sup>16</sup> Health insurance is insurance of human beings against bodily

<sup>3</sup> PPACA s. 1201; PHSa s. 2702 (42 U.S.C. s. 300gg-1).

<sup>4</sup> 42 U.S.C. s. 300gg-3.

<sup>5</sup> Department of Financial Services, Division of Consumer Services, Health Care Reform and You (Sept. 2021), [https://myfloridacfo.com/docs-sf/consumer-services-libraries/consumerservices-documents/understanding-coverage/consumer-guides/health-care-reform\\_english-web\\_fl.pdf?sfvrsn=97e2ae45\\_1](https://myfloridacfo.com/docs-sf/consumer-services-libraries/consumerservices-documents/understanding-coverage/consumer-guides/health-care-reform_english-web_fl.pdf?sfvrsn=97e2ae45_1) (last visited Feb. 24, 2025).

<sup>6</sup> PPACA s. 1001; PHSa s. 2711 (42 U.S.C. s. 300gg-11).

<sup>7</sup> 42 USC 300gg-1. PPACA requires health insurers to report to the HHS information concerning the percent of premium revenue spent on claims for clinical services and activities (medical loss ratio or MLR). Insurers must provide a rebate to consumers if the MLR is less than 85 percent in the large group market and 80 percent in the small group and individual markets.

<sup>8</sup> The federal Tax Cut and Jobs Act of 2017 eliminated the individual coverage mandate tax penalty, effective 2019. Public Law No. 115-97.

<sup>9</sup> Centers for Medicare and Medicaid Services, Short-term, limited-duration insurance and independent, coordinated excepted benefits coverage (Mar. 28, 2024), <https://www.cms.gov/newsroom/fact-sheets/short-term-limited-duration-insurance-and-independent-noncoordinated-excepted-benefits-coverage-cms> (last visited Feb. 25, 2025).

<sup>10</sup> 45 CFR s. 148.220. Excepted benefits include coverage only for accident, disability income insurance, liability insurance, workers' compensation insurance, automobile medical payments insurance, and other specified coverage.

<sup>11</sup> Kaiser Family Foundation, Why Do Short-Term Health Insurance Plans Have Lower Premiums Than Plans That Comply with the ACA? (Oct. 31, 2018), <https://www.kff.org/affordable-care-act/issue-brief/why-do-short-term-health-insurance-plans-have-lower-premiums-than-plans-that-comply-with-the-aca/> (last visited Feb. 25, 2025).

<sup>12</sup> The OIR is an office under the Financial Services Commission (commission), which is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. The commission is not subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters. Section 20.121(3), F.S.

<sup>13</sup> Pursuant to s. 627.062(1), F.S., rates may not be excessive, inadequate, or unfairly discriminatory.

<sup>14</sup> Section 20.121(3)(a)1., F.S.

<sup>15</sup> Section 624.6011, F.S.

<sup>16</sup> Section 624.402, F.S.

injury, disablement, or death by accident or accidental means, or the expense thereof, or against disablement or expense resulting from sickness, and every insurance pertaining to it.<sup>17</sup> Health insurance does not include workers' compensation coverage, except as provided in s. 624.406, F.S.<sup>18</sup>

The OIR monitors the solvency of insurers, and takes administrative action, if necessary. If an insurer is found to be insolvent and is ordered to be liquidated by a court, a receiver takes over the insurer under court supervision and processes the assets and liabilities through liquidation. Generally, once an insurance company is liquidated, an insurance guaranty association becomes liable for the policy or contract obligations of the liquidated insurance company. In Florida, the Florida Life and Health Insurance Guaranty Association (association) is the guaranty association for most insurance companies that write life, health insurance or annuities in Florida.<sup>19</sup> Insurance guaranty funds are designed to protect policyholders of liquidated insurers from financial losses and delays in claim payments, up to limits provided by law.<sup>20</sup> The association services covered policies and contracts, collects premiums, and pays valid claims.<sup>21</sup> All insurers authorized to write life insurance policies, health insurance policies, supplemental contracts, and annuity contracts (with exceptions) in Florida are required, as a condition of doing business in this state, to be member insurers of the association.<sup>22</sup>

### ***Health Coverage or Services Exempt from Florida's Insurance Code***

Currently the code exempts nonprofit religious organizations,<sup>23</sup> commonly known as a health care sharing ministry, from the regulatory requirements and consumer protections if the nonprofit religious organization meets the following requirements:

- Qualifies under Title 26, s. 501 of the Internal Revenue Code of 1986, as amended.
- Limits its participants to those members who share a common set of ethical or religious beliefs.
- Acts as a facilitator among participants who have financial, physical, or medical needs to assist those with financial, physical, or medical needs in accordance with criteria established by the nonprofit religious organization.
- Provides for the financial or medical needs of a participant through contributions from other participants, or through payments directly from one participant to another participant.
- Provides amounts that participants may contribute, with no assumption of risk and no promise to pay among the participants or by the nonprofit religious organization to the participants.

---

<sup>17</sup> Section 624.403, F.S.

<sup>18</sup> *Id.*

<sup>19</sup> Part III of ch. 631, F.S.

<sup>20</sup> Section 631.712, F.S.

<sup>21</sup> See the association's website available at <https://www.flahiga.org/About> (last viewed Feb. 24, 2025). The maximum amount of protection provided by the association for major medical health insurance is \$500,000 per insured life. [Florida Life & Health Insurance Guaranty Association - Frequently Asked Questions](#) (last visited Feb. 25, 2025).

<sup>22</sup> Sections 631.713 and 631.715, F.S.

<sup>23</sup> Section 624.1265, F.S., refers to health care sharing ministries as "nonprofit religious organizations." A health care sharing ministry is an organization that facilitates the sharing of health care expenses among individuals with similar and sincerely held beliefs. These organizations resemble insurance in that members generally pay monthly membership fees and submit claims when they incur medical bills.

- Provides a monthly accounting to the participants of the total dollar amount of qualified needs shared in the previous month in accordance with criteria established by the nonprofit religious organization.
- Conducts an annual financial audit that is performed by an independent certified public accountant in accordance with generally accepted accounting principles and that is made available to the public by providing a copy upon request or by posting on the nonprofit religious organization's website.
- Does not market or sell health plans through insurance agents licensed by the Department of Financial Services under ch. 626, F.S.

The nonprofit religious organization must provide a written disclaimer on or accompanying all applications and guideline materials distributed by or on behalf of the nonprofit religious organization. The disclaimer must read in substance:

“Notice: The organization facilitating the sharing of medical expenses is not an insurance company, and neither its guidelines nor its plan of operation is an insurance policy. Membership is not offered through an insurance company, and the organization is not subject to the regulatory requirements or consumer protections of the Florida Insurance Code. Whether anyone chooses to assist you with your medical bills will be totally voluntary because no other participant is compelled by law to contribute toward your medical bills. As such, participation in the organization or a subscription to any of its documents should never be considered to be insurance. Regardless of whether you receive any payments for medical expenses or whether this organization continues to operate, you are always personally responsible for the payment of your own medical bills.”

However, the provisions of s. 624.1265, F.S. do not prevent:

- A participant from limiting the financial or medical needs that may be eligible for payment; or
- The nonprofit religious organization from canceling the membership of a participant when such participant indicates his or her unwillingness to participate by failing to meet the conditions of membership for a period greater than 60 days.

Approximately 30 states have exempted health care sharing ministries (HCSM) explicitly from insurance regulation.<sup>24</sup> A member of a health care sharing ministry (HCSM) will typically contribute a monthly payment to cover the qualifying medical expenses of other members. The HCSMs will match paying members who need the health care funds or pool all the monthly shares and administer payments to members directly. Some people may enroll in HCSMs because of their typically lower upfront costs, compared to PPACA-compliant plans. HCSMs are not insurance and cannot guarantee payment of claims, i.e., while they may share funds with members who have health needs, they are not legally required to do so. Further, the HCSMs do not have to comply with state or federal insurance regulations and consumer protections.

---

<sup>24</sup> National Association of Insurance Commissioners, What you should know about health care sharing ministries, discount plans, and risk sharing plans, (Dec. 13, 2023), <https://content.naic.org/article/what-you-should-know-about-health-care-sharing-ministries-discount-plans-and-risk-sharing-plans> (last visited Feb. 25, 2025).

## Nonprofit Agricultural Organizations that Offer Health Plans Exempted Insurance Regulation in Other States

The American Farm Bureau Federation is a national organization that was established in 1919 to advocate for the interests of farmers, ranchers, and other persons associated with agriculture. There are state farm bureau offices in all 50 states and in Puerto Rico.<sup>25</sup> Membership in a local farm bureau is open to anyone who pays the membership fee. Each state farm bureau provides member benefits, which may include offering health care benefits to its members.<sup>26</sup>

Several states have exempted nonprofit agricultural organizations or cooperatives, which offer and sell health plans, from state insurance regulations and consumer protections. State Farm Bureaus offer health plans in several states<sup>27</sup> an alternative to health insurance coverage that aims to offer lower costs for individual coverage to members and their families, self-employed farmers, and others.<sup>28</sup> The Farm Bureau Health Plans in Tennessee, a member service company of the Tennessee Farm Bureau Federation, has been offering health plans since 1947 and currently provides health plans for more than 200,000 residents.<sup>29</sup> The vast majority of farmers and farm workers who lack health coverage have incomes below 400 percent of the federal poverty level, which is the income cut-off for federal subsidies on policies offered on the Health Insurance Marketplace<sup>30</sup> that help pay for premiums in the individual health insurance market.<sup>31</sup> In addition to individual and family plans, Medicare, dental and vision, and small employer plans are offered to members.<sup>32</sup>

In regard to pre-existing condition waiting periods, benefits will not be provided until a member has completed a waiting period of at least six months for all contracts and nine months for maternity on family contracts.<sup>33</sup> These plans require medical underwriting,<sup>34</sup> which may affect

---

<sup>25</sup> <https://www.fb.org/about/who-we-are>

<sup>26</sup> Congressional Research Service, Applicability of Federal Requirements to Selected Coverage Arrangements: An Overview (Nov. 13, 2019), <https://crsreports.congress.gov/product/pdf/IF/IF11359/3> (last visited Feb. 24, 2025).

<sup>27</sup> Arkansas (2023 SB 324), Indiana (IN Code s. 27-1-2.2-4), Iowa (IA s. 505.20), Kansas (KS Stat s.40-2222), Nebraska (NE Code s. 44-7,119), North Dakota (2023 SB 2349), South Dakota (2021 SB 87), Tennessee (TN Code s. 56-2-121), Texas (TX Ins Code s. 1682.005).

<sup>28</sup> Insurance Newsnet, Farm bureau launches new health plan that is everything but 'insurance' (Oct. 12, 2024), <https://insurancenewsnet.com/oarticle/farm-bureau-launches-new-health-plan-that-is-everything-but-insurance> (last visited Feb. 24, 2025).

<sup>29</sup> Farm Bureau Health Plans Tennessee, [Why Choose Farm Bureau Health Plans? | Farm Bureau Health Plans](#) (last visited Feb. 27, 2025).

<sup>30</sup> HealthCare.gov, Welcome to the Health Insurance Marketplace, [Welcome to the Health Insurance Marketplace@ | HealthCare.gov](#) (last visited Feb. 25, 2025). The website provides individuals with access to obtaining PPACA-compliant health insurance coverage during open enrollment and special enrollment periods. Individuals may qualify for subsidies or Medicaid, contingent on their income.

<sup>31</sup> Center on Budget and Policy Priorities, Expanding Skimpy Health Plans Is the Wrong Solution for Uninsured Farmers and Farm Workers (Jul. 17, 2018), <https://www.cbpp.org/research/health/expanding-skimpy-health-plans-is-the-wrong-solution-for-uninsured-farmers-and-farm-workers> (last visited Feb. 25, 2025).

<sup>32</sup> Farm Bureau Health Plans Tennessee, [Frequently Asked Questions | Farm Bureau Health Plans](#) (last visited Feb. 25, 2025).

<sup>33</sup> Farm Bureau Health Plans Tennessee, [Individual and Family Plans | Core Choice | Farm Bureau Health Plans](#) (last visited Feb. 25, 2025).

<sup>34</sup> Medical underwriting is a process used by insurers to determine the health status of an applicant for insurance coverage, and to determine whether to offer an applicant coverage, at what price, and with what exclusions or limits. See <https://www.healthcare.gov/glossary/medical-underwriting/> (last visited Feb. 26, 2025).



eligibility and rates.<sup>35</sup> The plans are not compliant with PPACA, which means they can medically underwrite covered individuals, impose waiting periods for preexisting conditions, and are not required to provide essential health benefits, etc. These plans are only available to Farm Bureau members, though an individual does not necessarily need to be affiliated with the agricultural industry to become a member.<sup>9</sup>

In 2017, Minnesota<sup>36</sup> enacted legislation that allows for the formation of agricultural cooperatives to operate self-funded health plans. Plan membership is restricted to farmers or other people in the agriculture industry.<sup>37</sup> The plans accept all who apply but are underwritten such that people with prior health conditions can be charged higher premiums.<sup>38</sup>

### III. Effect of Proposed Changes:

**Section 1** directs the Division of Law Revision to:

- Revise the title of chapter 632, F.S., to read “Fraternal Benefit Societies and Nonprofit Agricultural Organizations.”
- Create part I of chapter 632, Florida Statutes, consisting of ss. 632.601-632.638, F.S., to be entitled “Fraternal Benefit Societies;” and
- Create part II of chapter 632, F.S., consisting of s. 632.701, F.S., to be entitled “Nonprofit Agricultural Organizations.”

**Section 2** provides this act may be cited as the “Nonprofit Agricultural Organization Health Coverage Act of 2025.”

**Section 3** creates s. 632.701, F.S., relating to nonprofit agricultural organization health coverage, to authorize nonprofit agricultural organizations to offer health coverage options to their members. The term, “nonprofit agricultural organization” means an organization that meets the following criteria:

- Is domiciled in Florida.
- Is exempt from federal income tax under s. 501(c)(3) of the Internal Revenue Code.
- Was created primarily to promote programs for the development of rural communities and the economic stability and sustainability of farmers in Florida.
- Exists to serve its members beyond only offering health coverage.
- Collects annual dues from its members.
- Was in existence before 1945.
- Is composed of members who, collectively, are residents of the majority of counties in this state.

The bill provides that, notwithstanding any law to the contrary, a nonprofit agricultural organization may offer health coverage and that such coverage is not insurance for the purposes

---

<sup>35</sup> Farm Bureau Health Plans Tennessee, [Home](#) (last visited Jan. 25, 2025).

<sup>36</sup> State Health Access Data Assistance Center, Alternatives to ACA Compliant Plans in the Individual Market (Nov. 15, 2019), <https://www.shadac.org/news/alternatives-aca-compliant-plans-individual-market> (last visited Feb. 25, 2025).

<sup>37</sup> The Minnesota Star Tribune, Farmer cooperative health plans may rattle individual market in Minnesota (Nov. 14, 2017), <https://www.startribune.com/farmer-cooperative-health-plans-may-rattle-individual-market-in-minnesota/457321193> (last visited Feb. 25, 2025).

<sup>38</sup> *Id.*

of the Florida Insurance Code. Because such coverage is not insurance, various state statutes relating to regulation of forms and rates, financial regulations, consumer protections, and mandated benefits will not apply to nonprofit agricultural organization health coverage.

**Section 4** provides this act takes effect July 1, 2025.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Individuals, families, or small businesses who are ineligible for subsidies through the Health Insurance Marketplace may be able to obtain a lower cost alternative to health insurance through plans offered by nonprofit agricultural organizations.

If the nonprofit agricultural organization is unable to pay claims or becomes insolvent, there is no state guaranty fund to pay claims.

C. Government Sector Impact:

Insurance premium tax revenues may be reduced to the extent that purchasers of health plans shift their business from health insurance to the exempt health plans proposed by the bill.

**VI. Technical Deficiencies:**

Currently, entities that are exempt from the Florida Insurance Code are codified in ch. 624, F.S. The bill creates a new part in ch. 632, F.S.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill creates section 632.701 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.



205028

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

The Committee on Banking and Insurance (DiCeglie) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause and insert:

Section 1. Section 624.4032, Florida Statutes, is created to read:

624.4032 Nonprofit agricultural organization medical benefit plans.—

(1) The purpose of this section is to authorize nonprofit agricultural organizations to offer medical benefit plans to



205028

11 their members.

12 (2) For purposes of this section, the term "nonprofit  
13 agricultural organization" means an organization that meets all  
14 of the following criteria:

15 (a) Is domiciled in this state.

16 (b) Is exempt from federal income tax under s. 501(c)(3) of  
17 the Internal Revenue Code.

18 (c) Was created primarily to promote programs for the  
19 development of rural communities and the economic stability and  
20 sustainability of farmers in this state.

21 (d) Exists to serve its members beyond only offering  
22 medical expense plans.

23 (e) Collects annual dues from its members.

24 (f) Was in existence before 1945.

25 (g) Is composed of members who, collectively, are residents  
26 of the majority of counties in this state.

27 (3) A nonprofit agricultural organization:

28 (a) May offer medical benefit plans to its members. Such  
29 plans are not insurance for purposes of the Florida Insurance  
30 Code.

31 (b) Shall provide a written disclaimer on or accompanying  
32 all applications and marketing materials for a medical benefit  
33 plan, regardless of whether such applications and marketing  
34 materials are distributed by or on behalf of the nonprofit  
35 agricultural organization. The disclaimer must be in contrasting  
36 color and at least 12-point type. The disclaimer must read in  
37 substantially the following form:

38

39 Notice: This medical benefit plan is not a health



40 insurance policy or health maintenance organization  
41 contract and is not subject to the regulatory  
42 requirements and consumer protections that apply to  
43 health insurance policies or health maintenance  
44 organization contracts under the Florida Insurance  
45 Code. The nonprofit agricultural organization offering  
46 this medical benefit plan is not an authorized insurer  
47 or authorized health maintenance organization in  
48 Florida and the nonprofit agricultural organization is  
49 not subject to the regulatory requirements or consumer  
50 protections of the Florida Insurance Code.

51  
52 (c) May not market or sell medical benefit plans through  
53 agents licensed by the department.

54 (d) Must conduct an annual financial audit that is  
55 performed by an independent certified public accountant in  
56 accordance with generally accepted accounting principles and  
57 make it publicly available either by providing a copy upon  
58 request or posting it on the nonprofit agricultural  
59 organization's website.

60 Section 2. This act shall take effect July 1, 2025.

61  
62 ===== T I T L E A M E N D M E N T =====

63 And the title is amended as follows:

64 Delete everything before the enacting clause  
65 and insert:

66 A bill to be entitled  
67 An act relating to nonprofit agricultural organization  
68 medical benefit plans; creating s. 624.4032, F.S.;



205028

69 providing legislative purpose; defining the term  
70 "nonprofit agricultural organization"; authorizing  
71 nonprofit agricultural organizations to provide  
72 medical benefit plans; specifying that such plans are  
73 not insurance for purposes of the Florida Insurance  
74 Code; requiring a specified disclosure; providing  
75 requirements for the disclosure; prohibiting the  
76 nonprofit agricultural organization from marketing or  
77 selling a medical benefit plan through specified  
78 agents; requiring the nonprofit agricultural  
79 organization to conduct an annual financial audit and  
80 make such audit publicly available; providing an  
81 effective date.

By Senator DiCeglie

18-00843-25

2025480\_\_

1 A bill to be entitled  
 2 An act relating to nonprofit agricultural organization  
 3 health coverage; providing directives to the Division  
 4 of Law Revision; providing a short title; creating s.  
 5 632.701, F.S.; providing legislative purpose; defining  
 6 the term "nonprofit agricultural organization";  
 7 authorizing nonprofit agricultural organizations to  
 8 provide health coverage; specifying that such coverage  
 9 is not insurance for purposes of the Florida Insurance  
 10 Code; providing an effective date.

11

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

13

14 Section 1. The Division of Law Revision is directed to:  
 15 (1) Revise the title of chapter 632, Florida Statutes, to  
 16 read "Fraternal Benefit Societies and Nonprofit Agricultural  
 17 Organizations";  
 18 (2) Create part I of chapter 632, Florida Statutes,  
 19 consisting of ss. 632.601-632.638, Florida Statutes, to be  
 20 entitled "Fraternal Benefit Societies"; and  
 21 (3) Create part II of chapter 632, Florida Statutes,  
 22 consisting of s. 632.701, Florida Statutes, to be entitled  
 23 "Nonprofit Agricultural Organizations."

24 Section 2. This act may be cited as the "Nonprofit  
 25 Agricultural Organization Health Coverage Act of 2025."

26 Section 3. Section 632.701, Florida Statutes, is created to  
 27 read:  
 28 632.701 Nonprofit agricultural organization health  
 29 coverage.-

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

18-00843-25

2025480\_\_

30 (1) The purpose of this section is to authorize nonprofit  
 31 agricultural organizations to offer health coverage options to  
 32 their members.  
 33 (2) For purposes of this section, the term "nonprofit  
 34 agricultural organization" means an organization that meets all  
 35 of the following criteria:  
 36 (a) Is domiciled in this state.  
 37 (b) Is exempt from federal income tax under s. 501(c)(3) of  
 38 the Internal Revenue Code.  
 39 (c) Was created primarily to promote programs for the  
 40 development of rural communities and the economic stability and  
 41 sustainability of farmers in this state.  
 42 (d) Exists to serve its members beyond only offering health  
 43 coverage.  
 44 (e) Collects annual dues from its members.  
 45 (f) Was in existence before 1945.  
 46 (g) Is composed of members who, collectively, are residents  
 47 of the majority of counties in this state.  
 48 (3) Notwithstanding any law to the contrary, a nonprofit  
 49 agricultural organization may offer health coverage. Such  
 50 coverage is not insurance for purposes of the Florida Insurance  
 51 Code.  
 52 Section 4. This act shall take effect July 1, 2025.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 756

INTRODUCER: Senator Burton

SUBJECT: Health Insurance Coverage for Individuals with Developmental Disabilities

DATE: March 7, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	<b>Pre-meeting</b>
2.			AHS	
3.			FP	

---

**I. Summary:**

SB 756 revises eligibility provisions relating to coverage of autism spectrum disorder, thereby expanding coverage and access to coverage in the large group market (coverage through an employer with more than 50 employees). Autism spectrum disorder (ASD) is a neurological and developmental disorder that affects how individuals interact with others, communicate, learn, and behave. Although ASD can be diagnosed at any age, it is described as a “developmental disorder” because symptoms generally appear in the first two years of life.<sup>1</sup>

The bill revises the definition of the term, “autism spectrum disorder,” to conform with the definition provided in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders.<sup>2</sup>

The bill also eliminates the age eligibility limitations on providing large group insurance coverage for ASD, thereby expanding eligibility for coverage to all individuals with ASD, rather than just individuals with ASD who are under 18 years of age and individuals with ASD in high school at age 18 or older who were diagnosed with a developmental disability before age 9.

The bill takes effect July 1, 2025.

The bill may have an indeterminate impact on the state group health insurance program.

---

<sup>1</sup> National Institute of Health, Autism Spectrum Disorder (Dec. 2024), <https://www.nimh.nih.gov/health/topics/autism-spectrum-disorders-asd> (last visited Mar. 1, 2025).

<sup>2</sup> American Psychiatric Association, Diagnostic and Statistical Manual of Mental Disorders DSM-5-TR (Mar. 2022). The DSM is standard classification of mental disorders used by mental health professionals in the United States to diagnose mental disorders.

## II. Present Situation:

Autism spectrum disorder (ASD) is a neurological and developmental disorder that affects how individuals interact with others, communicate, learn, and behave. Although ASD can be diagnosed at any age, it is described as a “developmental disorder” because symptoms generally appear in the first two years of life.<sup>3</sup> About 1 in 36 children have been identified with autism spectrum disorder (ASD).<sup>4</sup> ASD is nearly 4 times more common among boys than among girls.<sup>5</sup>

### Diagnosis of Autism Spectrum Disorder

Autism spectrum disorder (ASD) is a neurological and developmental disorder that affects how individuals interact with others, communicate, learn, and behave. Although ASD can be diagnosed at any age, it is described as a “developmental disorder” because symptoms generally appear in the first two years of life.<sup>6</sup>

Diagnosing autism spectrum disorder (ASD) usually relies on parents’ or caregivers’ descriptions of their child’s development and a licensed professional’s observation of the child’s behavior. The American Psychiatric Association’s Diagnostic and Statistical Manual (DSM-5-TR), provides standardized criteria to help diagnose ASD.<sup>7</sup>

The term, autism spectrum disorder, reflects a scientific consensus that four previously separate disorders are a single condition with different levels of symptom severity in two core domains.<sup>8</sup> ASD now encompasses the previous DSM-IV autistic disorder (autism), Asperger’s disorder, childhood disintegrative disorder, and pervasive developmental disorder not otherwise specified.<sup>9</sup> ASD is characterized by (1) deficits in social communication and social interaction and (2) restricted repetitive behaviors, interests, and activities (RRBs). Because both components are required for diagnosis of ASD, social communication disorder is diagnosed if no RRBs are present.

To meet diagnostic criteria for autism spectrum disorder (ASD) pursuant to DSM-5-TR, a child must have persistent deficits in each of three areas of social communication and interaction (see A.1. through A.3. below) plus at least two of four types of restricted, repetitive behaviors (see B.1. through B.4. below):

---

<sup>3</sup> National Institute of Health, Autism Spectrum Disorder (Dec. 2024), <https://www.nimh.nih.gov/health/topics/autism-spectrum-disorders-asd> (last visited Mar. 1, 2025).

<sup>4</sup> Centers for Disease Control, [Prevalence and Characteristics of Autism Spectrum Disorder Among Children Aged 8 Years — Autism and Developmental Disabilities Monitoring Network, 11 Sites, United States, 2020 | MMWR](#) (Mar. 24, 2023), (last visited Feb. 28, 2025).

<sup>5</sup> *Id.*

<sup>6</sup> National Institute of Health, Autism Spectrum Disorder (Dec. 2024), <https://www.nimh.nih.gov/health/topics/autism-spectrum-disorders-asd> (last visited Mar. 1, 2025).

<sup>7</sup> American Psychiatric Association, Frequently Asked Questions, <https://www.psychiatry.org/psychiatrists/practice/dsm/frequently-asked-questions#:~:text=What%20is%20DSM%20and%20why,the%20diagnosis%20of%20mental%20disorders> (last visited Feb. 28, 2025).

<sup>8</sup> American Psychiatric Association, Highlights of Changes from DSM-IV-TR to DSM-5 (2022) [APA DSM Changes from DSM-IV-TR -to DSM-5.pdf](#). (last visited Mar. 1, 2025).

<sup>9</sup> *Id.*

- A. Persistent deficits in social communication and social interaction across multiple contexts, as manifested by all the following, currently or by history (examples are illustrative, not exhaustive):
1. Deficits in social-emotional reciprocity, ranging, for example, from abnormal social approach and failure of normal back-and-forth conversation; to reduced sharing of interests, emotions, or affect; to failure to initiate or respond to social interactions.
  2. Deficits in nonverbal communicative behaviors used for social interaction, ranging, for example, from poorly integrated verbal and nonverbal communication; to abnormalities in eye contact and body language or deficits in understanding and use of gestures; to a total lack of facial expressions and nonverbal communication.
  3. Deficits in developing, maintaining, and understanding relationships, ranging, for example, from difficulties adjusting behavior to suit various social contexts; to difficulties in sharing imaginative play or in making friends; to absence of interest in peers.
- B. Restricted, repetitive patterns of behavior, interests, or activities, as manifested by at least two of the following, currently or by history (examples are illustrative, not exhaustive; see text):
1. Stereotyped or repetitive motor movements, use of objects, or speech (e.g., simple motor stereotypes, lining up toys or flipping objects, echolalia, idiosyncratic phrases).
  2. Insistence on sameness, inflexible adherence to routines, or ritualized patterns of verbal or nonverbal behavior (e.g., extreme distress at small changes, difficulties with transitions, rigid thinking patterns, greeting rituals, need to take same route or eat same food every day). Highly restricted, fixated interests that are abnormal in intensity or focus (e.g., strong attachment to or preoccupation with unusual objects, excessively circumscribed or perseverative interests).
  3. Highly restricted, fixated interests that are abnormal in intensity or focus (e.g., strong attachment to or preoccupation with unusual objects, excessively circumscribed or perseverative interests).
  4. Hyperreactivity or hyporeactivity to sensory input or unusual interest in sensory aspects of the environment (e.g., apparent indifference to pain/temperature, adverse response to specific sounds or textures, excessive smelling or touching of objects, visual fascination with lights or movement).<sup>10</sup>

### **Treatment and Intervention for ASD<sup>11</sup>**

Current treatments for autism spectrum disorder (ASD) seek to reduce symptoms that interfere with daily functioning and quality of life. Treatments can be given in education, health, community, or home settings, or a combination of settings. As individuals with ASD leave high school and grow into adulthood, additional services can help improve health and daily functioning, and facilitate social and community engagement.

---

<sup>10</sup> See Centers for Disease Control, Autism Spectrum Disorder, Clinical Testing and Diagnosis for Autism Spectrum Disorder, [Clinical Testing and Diagnosis for Autism Spectrum Disorder | Autism Spectrum Disorder \(ASD\) | CDC](#) (last visited Feb. 28, 2025). Additional diagnostic criteria for ASD is described.

<sup>11</sup> Centers for Disease Control, Treatment and Intervention for Autism Spectrum Disorder (May 16, 2024), [Treatment and Intervention for Autism Spectrum Disorder | Autism Spectrum Disorder \(ASD\) | CDC](#) (last visited Mar. 1, 2025).

There are many types of treatments available. These treatments generally can be broken down into the following categories, although some treatments involve more than one approach:

- Behavioral
- Educational.
- Social-relational.
- Pharmacological.
- Psychological.
- Complementary and alternative.

### **Requirements Related to the Federal Mental Health Parity and Addiction Equity Act<sup>12</sup>**

On December 23, 2024, final rules for amending regulations implementing the Paul Wellstone and Pete Domenici Mental Parity and Addiction Equity Act of 2008 (MHPAEA) were released. The rules add new regulations implementing the nonquantitative treatment limitation (NQTL) comparative analyses requirements under MHPAEA, as amended by the Consolidated Appropriations Act, 2021.

Specifically, these final rules amend the existing NQTL standard to prohibit group health plans and health insurance issuers offering group or individual health insurance coverage from using NQTLs that place greater restrictions on access to mental health and substance use disorder benefits as compared to medical/surgical benefits. The final rules require plans and issuers to collect and evaluate relevant data in a manner reasonably designed to assess the impact of NQTLs on relevant outcomes related to access to mental health and substance use disorder benefits and medical/surgical benefits and to take reasonable action, as necessary, to address material differences in access to mental health or substance use disorder benefits as compared to medical/surgical benefits.

### **State Regulation of Insurance**

The Office of Insurance Regulation (OIR),<sup>13</sup> is responsible for all activities concerning health maintenance organizations (HMOs), health insurers and other risk-bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the Florida Insurance Code.<sup>14</sup> To transact business in Florida, a health insurer or HMO must obtain a certificate of authority from the OIR.<sup>15</sup> The Agency for Health Administration (Agency) regulates the quality of care provided by HMOs under part III of ch. 641, F.S. Prior to receiving a certificate of authority from the OIR, an HMO must receive a Health Care Provider Certificate from the Agency.<sup>16</sup> As part of the certification process used by the Agency, an HMO

---

<sup>12</sup> Centers for Medicare and Medicaid Services, <https://www.cms.gov/marketplace/private-health-insurance/mental-health-parity-addiction-equity>

<sup>13</sup> The OIR is a unit under the Financial Services Commission, which is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. Commission members serve as the agency head for purposes of rulemaking under ch. 120, F.S. See s. 20.121(3), F.S.

<sup>14</sup> Section 20.121(3)(a), F.S.

<sup>15</sup> Sections 624.401 and 641.49, F.S.

<sup>16</sup> Section 641.495, F.S.

must provide information to demonstrate that the HMO has the ability to provide quality of care consistent with the prevailing standards of care.<sup>17</sup>

### **Coverage for Autism Spectrum Disorder in Florida**

The Florida Insurance Code provides coverage for autism spectrum disorder for the insureds or members in the large group market, including the state group insurance plan for eligible individuals.<sup>18</sup> “autism spectrum disorder” is any of the following disorders as defined in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association:

- Autistic disorder;
- Asperger’s syndrome; and
- Pervasive developmental disorder not otherwise specified.

“An eligible individual” means an individual under 18 years of age or an individual 18 years of age or older who is in high school who has been diagnosed as having a developmental disability at 8 years of age or younger.

Such coverage must include, at a minimum, the following benefits:

- Well-baby and well-child screening for diagnosing the presence of autism spectrum disorder.
- Treatment of autism spectrum disorder and Down syndrome through speech therapy, occupational therapy, physical therapy, and applied behavior analysis. Applied behavior analysis services shall be provided by an individual certified pursuant to s. 393.17,<sup>19</sup> F.S., or an individual licensed under ch. 490<sup>20</sup> or ch. 491.<sup>21</sup>

The coverage mandated under this section is subject to the following requirements:

Coverage shall be limited to treatment that is prescribed by the insured’s treating physician in accordance with a treatment plan.

- Such coverage is limited to \$36,000 annually and may not exceed \$200,000 in total lifetime benefits. The maximum benefits must be adjusted annually on January 1 of each calendar year to reflect any change from the previous year in the medical component of the then current Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor
- Coverage may not be denied on the basis that provided services are habilitative in nature.
- Coverage may be subject to other general exclusions and limitations of the insurer’s policy or plan, including, but not limited to, coordination of benefits, participating provider requirements, restrictions on services provided by family or household members, and utilization review of health care services, including the review of medical necessity, case management, and other managed care provisions.

---

<sup>17</sup> *Id.*

<sup>18</sup> Section 627.6685, F.S.

<sup>19</sup> Behavior analysts.

<sup>20</sup> Practice of psychology.

<sup>21</sup> The scope of this chapter includes the practice of clinical social work, practice of marriage and family therapy, practice of mental health counseling.

### **Coverage for Mental and Nervous Disorders**

Section 627.668, F.S., requires insurers of large group health plans to make available to the policyholder (i.e. employer) as part of the application, for an appropriate additional premium, under a hospital and medical expense-incurred insurance policy, under a prepaid health care contract, and under a hospital and medical service plan contract, coverage for mental and nervous disorders. Under group policies or contracts, inpatient hospital benefits, partial hospitalization benefits, and outpatient benefits consisting of durational limits, dollar amounts, deductibles, and coinsurance factors shall not be less favorable than for physical illness generally, except that:

- Inpatient benefits may be limited to not less than 30 days per benefit year as defined in the policy or contract. If inpatient hospital benefits are provided beyond 30 days per benefit year, the durational limits, dollar amounts, and coinsurance factors thereto need not be the same as applicable to physical illness generally.
- Outpatient benefits may be limited to \$1,000 for consultations with a licensed physician, a psychologist licensed pursuant to chapter 490, a mental health counselor licensed pursuant to chapter 491, a marriage and family therapist licensed pursuant to chapter 491, and a clinical social worker licensed pursuant to chapter 491. If benefits are provided beyond the \$1,000 per benefit year, the durational limits, dollar amounts, and coinsurance factors thereof need not be the same as applicable to physical illness generally.
- Partial hospitalization benefits shall be provided under the direction of a licensed physician. For purposes of this part, the term “partial hospitalization services” is defined as those services offered by a program that is accredited by an accrediting organization whose standards incorporate comparable regulations required by this state. Alcohol rehabilitation programs accredited by an accrediting organization whose standards incorporate comparable regulations required by this state or approved by the state and licensed drug abuse rehabilitation programs shall also be qualified providers under this section. In a given benefit year, if partial hospitalization services or a combination of inpatient and partial hospitalization are used, the total benefits paid for all such services may not exceed the cost of 30 days after inpatient hospitalization for psychiatric services, including physician fees, which prevail in the community in which the partial hospitalization services are rendered. If partial hospitalization services benefits are provided beyond the limits set forth in this paragraph, the durational limits, dollar amounts, and coinsurance factors thereof need not be the same as those applicable to physical illness generally.

### **III. Effect of Proposed Changes:**

**Sections 1 and 2** amend ss. 627.6696 and 641.31098, F.S., relating to health insurance and health maintenance organization coverage of autism spectrum disorders (ASD) in the large group market, respectively. The sections revise the definition of ASD to mean as defined in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM) of the American Psychiatric Association. Under current law, ASD is defined to mean any of the following disorders as defined by the DSM of the American Psychiatric Association:

- Autistic disorder.
- Asperger’s syndrome.
- Pervasive developmental disorder not otherwise specified.

The term, “eligible individual,” as it applies to ASD coverage, is revised to eliminate the general age cap of age 18 for coverage and the associated age cap for diagnosis. Under current law, an eligible individual must be under 18 years of age or be an individual 18 years of age or older who is in high school who has been diagnosed with a developmental disability at 8 years of age or younger.

**Sections 3 and 4** reenact ss. 409.906(26) and 943.1727, F.S., to incorporate the bill’s amendments to s. 627.6686, F.S.

Section 409.906(26), F.S., authorizes the Agency for Health Care Administration to seek federal approval of a Medicaid waiver or state plan amendment for home and community-based services for autism spectrum disorder and other developmental disabilities.

Section 943.1727, F.S., requires the Department of Law Enforcement to establish a continued employment training component relating to autism spectrum disorder to enable law enforcement to recognize the symptoms and characteristics of ASD and to respond appropriately to such individuals.

**Section 5** provides the bill takes effect July 1, 2025.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

**B. Private Sector Impact:**

Since the bill removes the current age limit and diagnosis restriction by age 8 for coverage of an individual in the large group market who has been diagnosed with a developmental disorder, additional individuals diagnosed with autism spectrum disorder will be eligible for coverage, and existing insureds can continue coverage beyond age 18.

**C. Government Sector Impact:**

Indeterminate.

**VI. Technical Deficiencies:**

Many health insurance policies and health maintenance contracts offer calendar year plans, including the state group insurance program. As a result, insurers and HMOs must file any rate filings prior to the effective date of the plan on January 1. Changing the effective date of the bill to January 1, 2026, would avoid changes in benefits at midyear.

**VII. Related Issues:**

The heading or catchline for the two provisions amended in the bill are different. For s. 627.6696, F.S., the heading is "Coverage for individuals with autism spectrum disorder required; exceptions. However, the heading for s. 641.31098, F.S., is "Coverage for individuals with developmental disorders."

**VIII. Statutes Affected**

This bill substantially amends sections 627.6686, 641.31098, 409.906, and 943.1727 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.





371536

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

The Committee on Banking and Insurance (Burton) recommended the following:

**Senate Amendment**

Delete line 111

and insert:

Section 5. This act shall take effect January 1, 2026.

By Senator Burton

12-00487-25

2025756\_\_

1 A bill to be entitled  
 2 An act relating to health insurance coverage for  
 3 individuals with developmental disabilities; amending  
 4 ss. 627.6686 and 641.31098, F.S.; revising the  
 5 definitions of the terms "autism spectrum disorder"  
 6 and "eligible individual"; reenacting ss. 409.906(26)  
 7 and 943.1727, F.S., relating to optional Medicaid  
 8 services and continued employment training relating to  
 9 autism spectrum disorder, respectively, to incorporate  
 10 the amendment made to s. 627.6686, F.S., in references  
 11 thereto; providing an effective date.  
 12  
 13 Be It Enacted by the Legislature of the State of Florida:  
 14  
 15 Section 1. Paragraphs (b) and (c) of subsection (2) of  
 16 section 627.6686, Florida Statutes, are amended to read:  
 17 627.6686 Coverage for individuals with autism spectrum  
 18 disorder required; exception.—  
 19 (2) As used in this section, the term:  
 20 (b) "Autism spectrum disorder" has the same meaning as  
 21 ~~means any of the following disorders as~~ defined in the most  
 22 recent edition of the Diagnostic and Statistical Manual of  
 23 Mental Disorders of the American Psychiatric Association:  
 24 1. ~~Autistic disorder.~~  
 25 2. ~~Asperger's syndrome.~~  
 26 3. ~~Pervasive developmental disorder not otherwise~~  
 27 ~~specified.~~  
 28 (c) "Eligible individual" means an individual ~~under 18~~  
 29 ~~years of age or an individual 18 years of age or older who is in~~

Page 1 of 4

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

12-00487-25

2025756\_\_

30 ~~high school~~ who has been diagnosed as having a developmental  
 31 disability at ~~8 years of age or younger.~~  
 32 Section 2. Paragraphs (b) and (c) of subsection (2) of  
 33 section 641.31098, Florida Statutes, are amended to read:  
 34 641.31098 Coverage for individuals with developmental  
 35 disabilities.—  
 36 (2) As used in this section, the term:  
 37 (b) "Autism spectrum disorder" has the same meaning as  
 38 ~~means any of the following disorders as~~ defined in the most  
 39 recent edition of the Diagnostic and Statistical Manual of  
 40 Mental Disorders of the American Psychiatric Association:  
 41 1. ~~Autistic disorder.~~  
 42 2. ~~Asperger's syndrome.~~  
 43 3. ~~Pervasive developmental disorder not otherwise~~  
 44 ~~specified.~~  
 45 (c) "Eligible individual" means an individual ~~under 18~~  
 46 ~~years of age or an individual 18 years of age or older who is in~~  
 47 ~~high school~~ who has been diagnosed as having a developmental  
 48 disability at ~~8 years of age or younger.~~  
 49 Section 3. For the purpose of incorporating the amendment  
 50 made by this act to section 627.6686, Florida Statutes, in a  
 51 reference thereto, subsection (26) of section 409.906, Florida  
 52 Statutes, is reenacted to read:  
 53 409.906 Optional Medicaid services.—Subject to specific  
 54 appropriations, the agency may make payments for services which  
 55 are optional to the state under Title XIX of the Social Security  
 56 Act and are furnished by Medicaid providers to recipients who  
 57 are determined to be eligible on the dates on which the services  
 58 were provided. Any optional service that is provided shall be

Page 2 of 4

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

12-00487-25

2025756

59 provided only when medically necessary and in accordance with  
 60 state and federal law. Optional services rendered by providers  
 61 in mobile units to Medicaid recipients may be restricted or  
 62 prohibited by the agency. Nothing in this section shall be  
 63 construed to prevent or limit the agency from adjusting fees,  
 64 reimbursement rates, lengths of stay, number of visits, or  
 65 number of services, or making any other adjustments necessary to  
 66 comply with the availability of moneys and any limitations or  
 67 directions provided for in the General Appropriations Act or  
 68 chapter 216. If necessary to safeguard the state's systems of  
 69 providing services to elderly and disabled persons and subject  
 70 to the notice and review provisions of s. 216.177, the Governor  
 71 may direct the Agency for Health Care Administration to amend  
 72 the Medicaid state plan to delete the optional Medicaid service  
 73 known as "Intermediate Care Facilities for the Developmentally  
 74 Disabled." Optional services may include:

75 (26) HOME AND COMMUNITY-BASED SERVICES FOR AUTISM SPECTRUM  
 76 DISORDER AND OTHER DEVELOPMENTAL DISABILITIES.—The agency is  
 77 authorized to seek federal approval through a Medicaid waiver or  
 78 a state plan amendment for the provision of occupational  
 79 therapy, speech therapy, physical therapy, behavior analysis,  
 80 and behavior assistant services to individuals who are 5 years  
 81 of age and under and have a diagnosed developmental disability  
 82 as defined in s. 393.063, autism spectrum disorder as defined in  
 83 s. 627.6686, or Down syndrome, a genetic disorder caused by the  
 84 presence of extra chromosomal material on chromosome 21. Causes  
 85 of the syndrome may include Trisomy 21, Mosaicism, Robertsonian  
 86 Translocation, and other duplications of a portion of chromosome  
 87 21. Coverage for such services shall be limited to \$36,000

Page 3 of 4

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

12-00487-25

2025756

88 annually and may not exceed \$108,000 in total lifetime benefits.  
 89 The agency shall submit an annual report on January 1 to the  
 90 President of the Senate, the Speaker of the House of  
 91 Representatives, and the relevant committees of the Senate and  
 92 the House of Representatives regarding progress on obtaining  
 93 federal approval and recommendations for the implementation of  
 94 these home and community-based services. The agency may not  
 95 implement this subsection without prior legislative approval.

96 Section 4. For the purpose of incorporating the amendment  
 97 made by this act to section 627.6686, Florida Statutes, in a  
 98 reference thereto, section 943.1727, Florida Statutes, is  
 99 reenacted to read:

100 943.1727 Continued employment training relating to autism  
 101 spectrum disorder.—The department shall establish a continued  
 102 employment training component relating to autism spectrum  
 103 disorder as defined in s. 627.6686. The training component shall  
 104 include, but need not be limited to, instruction on the  
 105 recognition of the symptoms and characteristics of an individual  
 106 on the autism disorder spectrum and appropriate responses to an  
 107 individual exhibiting such symptoms and characteristics.  
 108 Completion of the training component may count toward the 40  
 109 hours of instruction for continued employment or appointment as  
 110 a law enforcement officer required under s. 943.135.

111 Section 5. This act shall take effect July 1, 2025.

Page 4 of 4

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 944

INTRODUCER: Senator Davis

SUBJECT: Insurance Overpayment Claims Submitted to Psychologists

DATE: March 7, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	<b>Pre-meeting</b>
2.			HP	
3.			RC	

---

**I. Summary:**

SB 944 reduces from 30 months to 12 months the timeframe for an insurer to submit claims for overpayment to a licensed psychologist. The reduction in the look back period results in licensed psychologists being subject to the same 12-month lookback period for insurer overpayments as health care providers licensed under chs. 458 (medical practice), 459 (osteopathic medicine), 460 (chiropractic medicine), 461 (podiatric medicine), or 466 (dentistry), F.S.

**II. Present Situation:**

**State Regulation of Insurance**

The Office of Insurance Regulation (OIR),<sup>1</sup> is responsible for all activities concerning health maintenance organizations (HMOs), health insurers and other risk-bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the Florida Insurance Code.<sup>2</sup> To transact business in Florida, a health insurer or HMO must obtain a certificate of authority from the OIR.<sup>3</sup> The Agency for Health Administration (agency) regulates the quality of care provided by HMOs under part III of ch. 641, F.S. Prior to receiving a certificate of authority from the OIR, an HMO must receive a Health Care Provider Certificate from the agency.<sup>4</sup> As part of the certification process used by the agency, an HMO must provide

---

<sup>1</sup> The OIR is a unit under the Financial Services Commission, which is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. Commission members serve as the agency head for purposes of rulemaking under ch. 120, F.S. See s. 20.121(3), F.S.

<sup>2</sup> Section 20.121(3)(a), F.S.

<sup>3</sup> Sections 624.401 and 641.49, F.S.

<sup>4</sup> Section 641.495, F.S.

information to demonstrate that the HMO has the ability to provide quality of care consistent with the prevailing standards of care.<sup>5</sup>

### ***Payment of Health Insurer and HMO Claims***

The Florida Insurance Code<sup>6</sup> prescribes the rights and responsibilities of health care providers, health insurers, and HMOs for the payment of claims. Florida's prompt payment laws govern payment of provider claims submitted to insurers and HMOs, including Medicaid managed care plans, in accordance with ss. 627.6131, 627.662, and 641.3155, F.S., respectively.<sup>7</sup> The law prescribes a protocol for specified providers to use for the submission of their claims to an insurer or HMO, as well as a statutory process for insurers or HMOs to use for the payment or denial of the claims.

Generally, an insurer or HMO claim for overpayment must be submitted to a provider within 30 months after the payment of the claim by an insurer or HMO.<sup>8</sup> A provider must pay, deny, or contest the claim for overpayment of a health insurer or HMO within 40 days after receiving the claim. All contested claims for overpayment must be paid or denied by an insurer or HMO within 120 days after receiving the claim.<sup>9</sup> Failure to pay or deny overpayment and claim within 140 days after receipt creates an uncontestable obligation to pay the claim.<sup>10</sup> A claim for overpayment is not permitted beyond 30 months after the health insurer's or HMO's payment of a claim, except that claims for overpayment may be sought beyond that time from providers convicted of fraud pursuant to s. 817.234, F.S.<sup>11</sup>

Section 627.6131(18), F.S., provides an exception to the period of 30 months for an insurer to submit a claim for overpayment to a provider.<sup>12</sup> All claims for overpayment submitted to a provider licensed under chs. 458 (medical practice), 459 (osteopathic medicine), 460 (chiropractic medicine), 461 (podiatric medicine), or 466 (dentistry), F.S., must be submitted to the provider within 12 months after the health insurer's payment of the claim. A claim for overpayment may not be permitted after 12 months except that claims for overpayment may be sought beyond that time from providers convicted of fraud pursuant to s. 817.234, F.S.

### **Division of State Group Insurance Program**

Under the authority of s. 110.123, F.S., the Department of Management Services (DMS), through the Division of State Group Insurance, administers the state group health insurance program under a cafeteria plan consistent with s. 125, Internal Revenue Code. To administer the state group health insurance program, DMS contracts with third party administrators for self-insured

---

<sup>5</sup> *Id.*

<sup>6</sup> Pursuant to s. 624.01, F.S., chs. 624-632, 634, 635, 636, 641, 642, 648, and 651 constitute the "Florida Insurance Code."

<sup>7</sup> The prompt pay provisions apply to HMO contracts and major medical policies offered by individual and group insurers licensed under ch. 624, F.S.

<sup>8</sup> Section 627.6131(6), F.S., and s. 641.3155(5) F.S., for HMO provision.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> See s. 641.3155(16), F.S., for HMO provision.

health plans and insured plans, as well as a pharmacy benefits manager for the state employees' self-insured prescription drug program pursuant to s. 110.12315, F.S.

### **Oversight of the Practice of Psychology in Florida**

The Board of Psychology within the Department of Health is the state's regulatory board for the practice of psychology under the Psychological Services Act.<sup>13</sup> The "practice of psychology" means the observations, description, evaluation, interpretation, and modification of human behavior, by the use of scientific and applied psychological principles, methods, and procedures, for the purpose of describing, preventing, alleviating, or eliminating symptomatic, maladaptive, or undesired behavior and of enhancing interpersonal behavioral health and mental or psychological health.<sup>14</sup> Chapter 490, F.S., prescribes the requirements for an individual to be licensed as a psychologist.<sup>15</sup>

### **III. Effect of Proposed Changes:**

**Section 1** amends s. 627.6131, F.S., relating to the payment of claims, to add a provider licensed under ch. 490, F.S., (psychologists) to the list of health care providers to whom an insurer must submit a claim for overpayment within 12 months instead of 30 months after payment of the claim.

**Section 2** provides that the amendments made in this act to s. 627.6131(18), F.S., apply to claims for services provided on or after October 1, 2025.

**Section 3** provides the bill takes effect July 1, 2025.

### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

---

<sup>13</sup> Sections 490.001 and 490.004, F.S.

<sup>14</sup> Section 490.003(4), F.S.

<sup>15</sup> Section 490.003(7), F.S., defines a psychologist as a person licensed pursuant to s. 490.005(1), F.S., s. 490.006, F.S., or the provision identified as s. 490.013(2), F.S., in s. 1, ch. 81-235, Laws of Florida.

E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill reduces the look back period for an insurer to submit claims to psychologists from 30 months to 12 months. According to advocates of the bill, the reduction in the look back period may lead to increased participation by some psychologists in insurer networks, thereby resulting in improved access to mental health care for insured patients.<sup>16</sup>

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

The bill amends s. 627.6131, F.S., relating to the payment of claims by insurers. However, the bill does not amend s. 641.3155, F.S., relating to the payment of claims by health maintenance organizations.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 627.6131 of the Florida Statutes.

**IX. Additional Information:**

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

---

<sup>16</sup> Florida Psychological Association, Reduce the lookback period for psychologists to increase access to mental health (on file with Senate Committee on Banking and Insurance).

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---





925584

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

The Committee on Banking and Insurance (Davis) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 11 - 39

and insert:

Section 1. Subsection (18) of section 627.6131, Florida Statutes, is amended to read:

627.6131 Payment of claims.—

(18) Notwithstanding the 30-month period provided in subsection (6), all claims for overpayment submitted to a provider licensed under chapter 458, chapter 459, chapter 460,



925584

11 chapter 461, ~~or~~ chapter 466, or chapter 490 must be submitted to  
12 the provider within 12 months after the health insurer's payment  
13 of the claim. A claim for overpayment may not be permitted  
14 beyond 12 months after the health insurer's payment of a claim,  
15 except that claims for overpayment may be sought beyond that  
16 time from providers convicted of fraud pursuant to s. 817.234.

17 Section 2. Subsection (16) of section 641.3155, Florida  
18 Statutes, is amended to read:

19 641.3155 Prompt payment of claims.—

20 (16) Notwithstanding the 30-month period provided in  
21 subsection (5), all claims for overpayment submitted to a  
22 provider licensed under chapter 458, chapter 459, chapter 460,  
23 chapter 461, ~~or~~ chapter 466, or chapter 490 must be submitted to  
24 the provider within 12 months after the health maintenance  
25 organization's payment of the claim. A claim for overpayment may  
26 not be permitted beyond 12 months after the health maintenance  
27 organization's payment of a claim, except that claims for  
28 overpayment may be sought beyond that time from providers  
29 convicted of fraud pursuant to s. 817.234.

30 Section 3. The amendments made by this act to ss.  
31 627.6131(18) and 641.3155(16), Florida Statutes, apply to claims  
32 for services provided on or after January 1, 2026.

33  
34 ===== T I T L E A M E N D M E N T =====

35 And the title is amended as follows:

36 Delete lines 3 - 4

37 and insert:

38 submitted to psychologists; amending ss. 627.6131 and  
39 641.3155, F.S.; requiring that insurance

By Senator Davis

5-00824-25

2025944\_\_

1 A bill to be entitled  
 2 An act relating to insurance overpayment claims  
 3 submitted to psychologists; amending s. 627.6131,  
 4 F.S.; revising a definition; requiring that insurance  
 5 overpayment claims submitted to psychologists be  
 6 submitted within a specified timeframe; providing  
 7 applicability; providing an effective date.

8  
 9 Be It Enacted by the Legislature of the State of Florida:

10 Section 1. Subsections (2) and (18) of section 627.6131,  
 11 Florida Statutes, are amended to read:

12 627.6131 Payment of claims.—

13 (2) As used in this section, except where the context  
 14 clearly indicates otherwise, the term “claim” for a  
 15 noninstitutional provider means a paper or electronic billing  
 16 instrument submitted to the insurer’s designated location that  
 17 consists of the HCFA 1500 data set, or its successor, that has  
 18 all mandatory entries for a physician licensed under chapter  
 19 458, chapter 459, chapter 460, chapter 461, or chapter 463, or  
 20 psychologists licensed under chapter 490 or any appropriate  
 21 billing instrument that has all mandatory entries for any other  
 22 noninstitutional provider. For institutional providers, “claim”  
 23 means a paper or electronic billing instrument submitted to the  
 24 insurer’s designated location that consists of the UB-92 data  
 25 set or its successor with entries stated as mandatory by the  
 26 National Uniform Billing Committee.

27 (18) Notwithstanding the 30-month period provided in  
 28 subsection (6), all claims for overpayment submitted to a  
 29

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

5-00824-25

2025944\_\_

30 provider licensed under chapter 458, chapter 459, chapter 460,  
 31 chapter 461, ~~or~~ chapter 466, or chapter 490 must be submitted to  
 32 the provider within 12 months after the health insurer’s payment  
 33 of the claim. A claim for overpayment may not be permitted  
 34 beyond 12 months after the health insurer’s payment of a claim,  
 35 except that claims for overpayment may be sought beyond that  
 36 time from providers convicted of fraud pursuant to s. 817.234.

37 Section 2. The amendments made by this act to s.  
 38 627.6131(18), Florida Statutes, apply to claims for services  
 39 provided on or after October 1, 2025.

40 Section 3. This act shall take effect July 1, 2025.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 988

INTRODUCER: Senator Truenow

SUBJECT: Securities

DATE: March 7, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	<b>Pre-meeting</b>
2.			AEG	
3.			FP	

---

**I. Summary:**

SB 988 revises provisions of ch. 517, F.S., the “Securities and Investor Protection Act” (Act), which is subject to oversight by the Office of Financial Regulation (OFR). In 2024, the Florida Legislature enacted legislation<sup>1</sup> that substantially revised ch. 517, F.S., which was based on recommendations contained in the report issued by the Chapter 517 Task Force of the Business Law Section of The Florida Bar in coordination with the OFR.<sup>2</sup> The impetus for the task force is to increase the ability of small and developing Florida businesses to raise capital, while at the same time assuring and improving investor protections and enforcement measures to guard against abuse.<sup>3</sup> Many of the provisions in SB 988 clarify provisions that were enacted, relate to provisions enacted in 2024, or provide technical changes.

**Exempt Securities Transactions and Exempt Securities**

The bill:

- Removes the applicability of certain issuer disqualification provisions under the Securities and Exchange Commission (SEC) Rule 506(d) on certain exempt private placements transactions by institutional securities sellers with institutional investors in Florida, which cures the applicability of the issuer disqualification provisions to the institutional issuers, which is consistent with federal rules. It appears the provision was meant to apply to issuer disqualifications; however, Rule 506(d) applies to issuers as well as significant number of other covered persons. Representatives of the financial services industry expressed concerns regarding this disqualification provision in connection with the effect of prohibiting exempt transactions conducted with institutional investors in Florida, including offerings made

---

<sup>1</sup> Chapter 2024-168, Laws of Fla.

<sup>2</sup> Report of the Chapter 517 Task Force of the Business Law Section of The Florida Bar, Recommendations and Analysis of Proposed Amendments to the Florida Securities and Investor Protection Act (Nov. 2023). The report is on file with the Florida Senate Committee on Banking and Insurance staff.

<sup>3</sup> *Id.*

pursuant to Rule 144A under the Securities Act. Such transaction continue to be subject to the anti-fraud provisions of ch. 517, F.S.;

- Expands the list of institutional investors covered by the exempt securities transactions, which is consistent with the Uniform Securities Act and federal rules. The institutional investors include financial institutions, insurers, dealers, investment companies, pension or profit-sharing trust, and qualified institutional buyers.
- Revises provisions, relating to the Florida Invest Local Exemption, to require an issuer making an offering under this exemption to file a notice of the offering and a copy of the disclosure statement with OFR.
- Provides that offers and sales made in compliance with s. 517.061(9), F.S., relating to exempt securities transactions of institutional issuers with institutional investors, are not subject to integration with other offerings. These transactions involve sophisticated investors.
- Requires the commission to consider certain factors when designating a foreign securities exchange or foreign securities market by rule in connection with certain exempt transactions.

### **Investor Protections**

The bill revises provisions relating to the Securities Guaranty Fund (fund), which was created to provide relief to victims of securities violations under ch. 517, F.S., and who are entitled to monetary damages or restitution but cannot recover the full amount of such damages or restitution from the wrongdoer. The bill:

- Defines the term, “restitution order” for purpose of eligibility for compensation and revises the minimum information that an applicant must provide to OFR in order to seek payment from the fund, and to specifically include such restitution orders.
- Clarifies the requirements that a person must meet to be eligible for payment from the fund.

### **Registration Requirements of Dealers, Associated Persons, Intermediaries, and Investment Advisers**

The bill:

- Updates provisions relating to the Mergers and Acquisitions model rule to conform to the 2024 revisions to the model rule as a result of 2022 federal law changes and provides rulemaking authority for the Financial Services Commission to adjust earnings and revenue eligibility requirements for privately held companies every five years, if necessary, and;
- Creates and revises definitions and provisions relating to the application process to clarify the population of persons who must submit fingerprints as part of the registration process for dealers, associated persons, investment advisors, and intermediaries. To ensure compliance with the criteria established in Public Law 92-544, the applicants for registration and any associated or affiliated person must be clearly identified for the FBI to continue conducting such background checks.

The bill takes effect upon becoming a law.

The bill does not have a fiscal impact on OFR.

## II. Present Situation:

### Federal Regulation of Securities

#### *Securities Act of 1933*

Following the stock market crash of 1929, the Securities Act of 1933<sup>4</sup> (Securities Act) was enacted to regulate the offers and sales of securities. The Securities Act requires every offer and sale of securities must be registered with the Securities and Exchange Commission (SEC), unless an exemption from registration is available.<sup>5</sup> The Securities Act requires issuers to disclose financial and other significant information regarding securities offered for public sale and prohibits deceit, misrepresentations, and other kinds of fraud in the sale of securities. The Securities Act requires issuers to disclose information deemed relevant to investors as part of the mandatory SEC registration of the securities that those companies offer for sale to the public.<sup>6</sup>

Registered securities offerings, often called public offerings, are available to all types of investors and have more rigorous disclosure requirements. Initial public offerings (IPOs) provide an initial pathway for companies to raise unlimited capital from the public through a registered offering. After its IPO, the company will be a public company with ongoing public reporting requirements.<sup>7</sup>

By contrast, securities offerings that are exempt from SEC registration are referred to as private offerings and are mainly available to more sophisticated investors. The SEC exempts certain small offerings from registration requirements to foster capital formation by lowering the cost of offering securities to the public. Examples of exempt offerings<sup>8</sup> include:

- Rule 506(b) Private Placement Offerings allow companies to raise unlimited capital from investors with whom the company has a relationship and who meet certain wealth thresholds or have certain professional credentials;<sup>9</sup>
- Rule 506(c) of Regulation D. General Solicitation Offerings allow companies to raise unlimited capital by broadly soliciting investors who meet certain wealth thresholds or have certain professional credentials;<sup>10</sup>
- Rule 504 of Regulation D, Limited Offerings allow companies to raise up to \$10 million in a 12-month period, in many cases from investors with whom the company has a relationship;<sup>11</sup>
- Regulation Crowdfunding offerings allow eligible companies to raise up to five million dollars in investment capital in a 12-month period from investors via an online portal;<sup>12</sup>

---

<sup>4</sup> Public Law 73-22, as amended through P.L. 117-268, enacted December 23, 2022.

<sup>5</sup> 15 U.S.C. s. 77a *et seq.*

<sup>6</sup> *Id.*

<sup>7</sup> U.S. Securities and Exchange Commission (SEC), *What does it mean to be a public company?*

<https://www.sec.gov/education/capitalraising/building-blocks/what-does-it-mean-be-a-public-company> (last visited Dec. 9, 2024).

<sup>8</sup> SEC, *The Laws That Govern the Securities Industry*, <https://www.sec.gov/about/about-securities-laws> (last visited Dec. 9, 2024). Security offerings of municipal, state, and the federal government are exempt from registration.

<sup>9</sup> 17 C.F.R. s. 230.506(b).

<sup>10</sup> 17 C.F.R. s. 230.506(c).

<sup>11</sup> 17 C.F.R. s. 230.504.

<sup>12</sup> 17 C.F.R. s. 227.100.

- Intrastate offerings<sup>13</sup> allow companies to raise capital within a single state according to state law. Many states limit the offering to between one million and five million dollars in a 12-month period; and<sup>14</sup>
- Regulation A offerings allow eligible companies to raise up to \$20 million in a 12-month period in a Tier I offering and up to \$75 million through a similar, but less extensive registered offering.<sup>15</sup>

### ***Securities and Exchange Act of 1934***

The Securities and Exchange Act of 1934 (Exchange Act) created the SEC as an independent agency to enforce federal securities laws.<sup>16</sup> The SEC oversees federal securities laws<sup>17</sup> broadly aimed at protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation.<sup>18</sup> The SEC has regulatory authority over significant parts of the securities industry, including stock exchanges, mutual funds, investment advisers, brokerage firms, as well as securities self-regulatory organizations (SROs), such as the Financial Industry Regulatory Authority, Inc. (FINRA).<sup>19</sup>

### ***Accredited Investors***<sup>20</sup>

Regulation D, adopted in 1982, provides several exemptions from the registration requirements of the Securities Act, thereby allowing certain issuers to offer and sell their securities without having to register the offering with the SEC. It was designed to facilitate capital formation by simplifying and clarifying existing exemptions for private or limited offerings, expanding their availability, and providing more uniformity between federal and state exemptions. Regulation D is the most widely used set of exemptions for securities offerings by issuers.

Regulation D includes the definition of “accredited investor” in Rule 501(a).<sup>21</sup> Individuals meeting certain criteria may qualify as an accredited investor. Institutions may qualify as accredited investors based on their status alone or on a combination of their status and the amount of their total assets or investments. Institutions that qualify based on status alone include banks, savings and loan associations, state-registered investment advisers, small business investment companies, investment companies registered under the Investment Company Act, business development companies,<sup>22</sup> employment benefit plans<sup>23</sup> meeting certain conditions.

---

<sup>13</sup> Section (3)(a)(11) of the Securities Act of 1933, 17 C.F.R. s. 230.147 and 17 C.F.R. s. 230.147A.

<sup>14</sup> SEC, 17 CFR Parts 227, 229, 230, 239, 249, 270 and 274; RIN-3235-AM27, Final rule: Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets, <https://www.sec.gov/files/rules/final/2020/33-10884.pdf> (last visited Dec. 9, 2024).

<sup>15</sup> 17 C.F.R. s. 230.251.

<sup>16</sup> Public Law 73-291, as amended through P.L. 117-328, enacted December 29, 2022.

<sup>17</sup> Section 15, Securities and Exchange Act of 1934.

<sup>18</sup> Securities and Exchange Commission, Mission, <https://www.sec.gov/about/mission> (last visited Jan. 28, 2024).

<sup>19</sup> National securities exchanges (e.g., the New York Stock Exchange) and clearing and settlement systems may register as SROs with the SEC or CFTC, making them subject to SEC or CFTC oversight. See <https://www.sec.gov/rules/sro> for a list of self-regulatory organizations (SROs) registered with the SEC (last visited Dec. 9, 2024).

<sup>20</sup> See Securities and Exchange Commission, Review of the Accredited Investor Definition under the Dodd-Frank Act (Dec. 14, 2023), <https://www.sec.gov/files/review-definition-accredited-investor-2023.pdf> (last visited Feb. 25, 2025).

<sup>21</sup> 17 CFR s. 230.501(a), known as Rule 501 (a).

<sup>22</sup> As defined in s. 2(a)(48) of the Investment Company Act.

<sup>23</sup> Within the meaning of the Employee Retirement Income Security Act of 1974 (ERISA).

Institutions qualifying as accredited investors based on a combination of their status and the amount of their total assets or investments include:

- Plans established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000;
- Employee benefit plans (within the meaning of ERISA) with total assets in excess of \$5,000,000;
- Tax exempt charitable organizations, corporations, Massachusetts or similar business trusts, partnerships, or limited liability companies not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000<sup>53</sup> • Trusts with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, the purchases of which are directed by a person who meets the legal standard of having sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the prospective investment under Rule 501(a)(7);
- Any entity, of a type not listed in Rules 501(a)(1), (2), (3), (7), or (8), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000 under Rule 501(a)(9); and
- Entities that are “family offices,” under Rule 501(a)(12), which cross references the definition in Rule 202(a)(11)(G)-1 of the Advisers Act, meeting the requirements of Rule 501(a)(12).

#### ***SEC Rule 506(d) Disqualification***

On July 10, 2013, the SEC adopted the “bad actor” disqualification provisions for Rule 506 of Regulation D under the Securities Act, to implement s. 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>24</sup> As a result of Rule 506(d) bad actor disqualification, an offering is disqualified from relying on Rule 506(b) and 506(c) of Regulation D if the issuer or any other person covered<sup>25</sup> by Rule 506(d) has a relevant criminal conviction, regulatory or court order or other disqualifying event that occurred on or after September 23, 2013, the effective date of the rule amendment.

#### ***Private Resales of Securities to Institutional Investors***

Corporations often issue unregistered bonds in private placements pursuant to Rule 144A<sup>26</sup> of the Securities Act. In 1990, the SEC approved Rule 144A of the Securities Act. The intent of the rule was to facilitate “a more liquid and efficient institutional resale market for unregistered securities.” Institutional investors are considered sophisticated investors, thereby understanding the complexities and risks inherent in private placement securities.

---

<sup>24</sup> U.S. Securities and Exchange Commission, Disqualification of Felons and Other “Bad Actors” from Rule 506 Offerings and Related Disclosure Requirements (Sep. 19, 2013), [SEC.gov | Disqualification of Felons and Other “Bad Actors” from Rule 506 Offerings and Related Disclosure Requirements](https://www.sec.gov/disqualification-of-felons-and-other-bad-actors-from-rule-506-offerings-and-related-disclosure-requirements) (last visited Dec. 9, 2024).

<sup>25</sup> “Covered persons” include the issuer, including affiliated issuers; directors, general partners, and managing members of the issuer; executive officers of the issuer, and other officers of the issuers that participate in the offering; 20 percent beneficial owners of the issuer, calculated on the basis of total voting power; promoters connected to the issuer; for pooled investment fund issuers, the fund’s investment manager and its principals; and persons compensated for soliciting investors, including their directors, general partners and managing members.

<sup>26</sup> 17 C.F.R. s. 230.144A.



Rule 144A is a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales of certain securities to qualified institutional buyers, or QIBs.<sup>27</sup> A QIB includes certain entities that, in the aggregate, own and invest on a discretionary basis at least \$100 million in securities of unaffiliated issuers.<sup>28</sup> A registered broker-dealer qualifies as a QIB if it owns and invests on a discretionary basis at least \$10 million in securities of unaffiliated issuers.<sup>29</sup>

### **Integration of Offerings<sup>30</sup>**

SEC Rule 152 provides a framework for determining whether multiple securities transactions should be considered part of the same offering and contains four non-exclusive safe harbors from integration. The rule is applicable to all issuer capital raising exemptions. Offerings may not be integrated if, based on particular facts and circumstances, the issuer can establish either that each offering complies with the registration requirements of ch. 517, F.S., or that an exemption from registration is available for the particular offering, provided that any transaction or series of transactions that, although in technical compliance with ch. 517, F.S., is part of a plan or scheme to evade the registration requirements of ch. 517, F.S., will not have the effect of avoiding integration.

SEC Rule 152 significantly reduces the risk to companies, especially smaller ones that have continuing and sporadic needs for capital, that multiple offerings will be integrated as one, with the result that otherwise distinct valid exempt offerings will be deemed in violation of the registration provisions.

### **Florida Regulation of Securities**

The federal securities acts expressly allow for concurrent state regulation under blue sky laws,<sup>31</sup> which are designed to protect investors against fraudulent sales practices and activities. Most state laws typically require companies making offerings of securities to register their offerings before they can be sold in a particular state, unless a specific state exemption is available. The laws also license brokerage firms, their brokers, and investment adviser representatives.<sup>32</sup>

The Office of Financial Regulation (OFR) is responsible for administering the provisions of ch. 517, F.S. The OFR, along with the Office of Insurance Regulation, are units under the Financial Services Commission (commission). The commission is composed of the Governor, the Attorney

---

<sup>27</sup> Bloomberg Law, Capital Markets, Overview-Rule 144A Debt Offering (Pre-Transaction Considerations) <https://www.bloomberglaw.com/external/document/XCUO8474000000/capital-markets-overview-rule-144a-debt-offering-pre-transaction> (last visited Feb. 10, 2025).

<sup>28</sup> See 17 C.F.R. s. 230.144A(a)(1)(i) for a listing of QIBs.

<sup>29</sup> Securities and Exchange Commission, <https://www.sec.gov/resources-small-businesses/small-business-compliance-guides/eliminating-prohibition-against-general-solicitation-general-advertising-rule-506-rule-144a> (last visited Feb. 25, 2025).

<sup>30</sup> 17 C.F.R. s. 230.172.

<sup>31</sup> The term “blue sky” derives from the characterization of baseless and broad speculative investment schemes, which such laws targeted. Cornell Law School, Blue Sky Laws, [https://www.law.cornell.edu/wex/blue\\_sky\\_law#:~:text=In%20the%20early%201900s%2C%20decades,schemes%20which%20such%20laws%20targeted](https://www.law.cornell.edu/wex/blue_sky_law#:~:text=In%20the%20early%201900s%2C%20decades,schemes%20which%20such%20laws%20targeted) (last visited Dec. 9, 2024).

<sup>32</sup> SEC, *Blue Sky Laws*, <http://www.sec.gov/answers/bluesky.htm> (last visited Dec. 9, 2024).

General, the Chief Financial Officer, and the Commissioner of Agriculture.<sup>33</sup> The commission members serve as agency head of OFR and OIR for purposes of rulemaking.<sup>34</sup> The commissioners of OFR and OIR are appointed by the commission.

The scope of the OFR's jurisdiction includes the regulation and registration of the offer and sale of securities in, to, or from Florida by firms, branch offices, and individuals associated with these firms in accordance with the ch. 517, F.S.<sup>35</sup> The Division of Securities (division) within the OFR is responsible for administering the Securities and Investor Protection Act (Act). The Act prohibits dealers, associated persons, and issuers from offering or selling securities in this state unless registered with the OFR or specifically exempted.<sup>36</sup> Additionally, all securities in Florida must be registered with the OFR unless they meet one of the exemptions in ss. 517.051 or 517.061, F.S., or are federally covered (i.e., under the exclusive jurisdiction of the SEC). As of December 30, 2024, the division had total registrants in the following categories:

- Dealers: 2,367
- Investment Advisers: 8,559
- Branches: 11,728; and
- Associated Persons: 380,993<sup>37</sup>

### ***Licensure Requirements***

Pursuant to s. 517.12, F.S., dealers, associated persons, intermediaries, and investment advisers must submit an application with the OFR for registration to sell, offer for sale, or to facilitate the offer or sale of securities. Each applicant and any direct owners, principals, or indirect owners that are required to be reported on Form BD, Form ADV, or on a form adopted by commission rule are required to electronically submit fingerprints to the Florida Department of Law Enforcement (FDLE) for a state and national criminal history record check (i.e., Level 2 background check). The OFR reviews the results of the Level 2 background checks to determine whether applicants meet licensure requirements. The Federal Bureau of Investigation (FBI) had previously approved the aforementioned list of applicants for fingerprint-based, state and national criminal history record checks, pursuant to s. 517.12, F.S. In 2024, legislation was enacted that revised provisions and definitions relating to these terms.<sup>38</sup> During the 2024 Legislative Session, FDLE provided detailed comments and suggestions regarding the fingerprint provisions in ch. 517, F.S.<sup>39</sup> Specifically, FDLE recommended that OFR should clarify the population subject to the criminal background checks to ensure compliance with the criteria established in Public Law 92-544.

Since 1972, the FBI, with the assistance of the United States Department of Justice, has determined the parameters of Pub. L. 92-544. The criteria are as follows:

- The statute must exist as a result of a legislative enactment;

---

<sup>33</sup> Section 20.121(3), F.S.

<sup>34</sup> Section 20.121(3)(a), F.S.

<sup>35</sup> Pursuant to s. 20.121(3), F.S. The jurisdiction of the OFR also includes state-chartered financial institutions and finance companies, and other specified entities.

<sup>36</sup> Section 517.12, F.S.

<sup>37</sup> OFR, Senate Bill Analysis of SB 988 (Feb. 25, 2025).

<sup>38</sup> Chapter 2024-168, Laws of Fla.

<sup>39</sup> FDLE 2024 Legislative Bill Analysis of SB 532 (Jan. 22, 2024).

- It must require the fingerprinting of applicants who are to be subjected to a national criminal history background check;
- It must, expressly (“submit to the FBI”) or by implication (“submit for a national check”), authorize the use of FBI records for the screening of applicants;
- It must identify the specific category(ies) of licensees/employees falling within its purview, thereby avoiding overbreadth;
- It must not be against public policy; and
- It may not authorize receipt of the criminal history record information (CHRI) by a private entity.<sup>40</sup>

Additionally, FBI policy requires that fingerprints be initially submitted to the state identification bureau (for a check of state records) and thereafter forwarded to the FBI for a “national” criminal history check.<sup>41</sup> State agencies wishing to submit statutes for review must work through their State Identification Bureau (FDLE) or appointed CJIS systems officer.<sup>42</sup>

### ***Exempt Private Placements and SEC Rule 506(d)***

As part of the 2024 legislation, s. 517.0616, F.S., was created, which provides that a registration exemption for private placement offerings of securities, pursuant to s. 517.061(9), (10), and (11), s. 517.0611, or s. 517.0612, F.S., is not available to an issuer that would be disqualified under SEC Rule 506(d) at the time the issuer makes an offer for the sale of a security. Rule 506(d) provides that an offering is disqualified from relying on the exemption if the issuer or any other person covered by Rule 506(d) has a relevant criminal conviction, regulatory or court order or other disqualifying event. Members of the financial services industry expressed concerns regarding this disqualification provision in connection with transactions conducted with institutional investors in Florida, including offerings made pursuant to Rule 144A under the Securities Act. At the federal level, the SEC has not applied any of the disqualification provisions for the safe harbors under Regulation D to these s. 4(a)(2) private placements. Pursuant to s. 517.0616, F.S., the disqualification provisions apply to issuers and covered persons for the following registration exemptions:

- Section 517.0616(9), F.S., Institutional Investor Exemption – Exempts the offer or sale of private placement offerings securities to a financial institution, insurer, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer.
- Section 517.0616(10), F.S., Private Limited Offering Exemption – Exempts from registration the offer or sale of securities by or on behalf of an issuer, of its own securities if the offer or sale is a part of an offering that meets certain conditions, including there are no more than 35 non-accredited purchasers in Florida.
- Section 517.0616(11), F.S., Accredited Investor Exemption – Exempts from registration the offer or sale of securities of an issuer in a transaction that meets certain conditions, including the offer or sale of securities are made only to accredited investors in Florida, and meets other conditions.
- Section 517.0611, F.S., Florida Limited Offering Exemption – Exempts from registration the offer or sale of securities that meet the requirements of the federal exemption for intrastate

---

<sup>40</sup> Federal Bureau of Investigation [Public Law 92-544 — FBI](#) (last visited Jan. 12, 2025).

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

offerings authorized in Section 3(a)(11) of the Securities Act of 1933, SEC Rule 147, or SEC Rule 147A.

- Section 517.0612, F.S., Florida Invest Local Exemption – Exempts from registration the offer or sale of securities in the amount of \$500,000 or less that meet the requirements of the federal exemption for intrastate offerings authorized in s. 3(a)(11) of the Securities Act of 1933, SEC Rule 147, or SEC Rule 147A.

Due to the potential negative impact on Florida's financial markets associated with the implementation of s. 517.0616, F.S., as applied to transactions described in s. 517.061(9), F.S., effective October 1, 2024, OFR issued a proclamation on October 27, 2024, suspending the disqualification provisions of s. 517.0616, F.S., as applied to transactions described in s. 517.061(9), F.S., relating to the institutional investor exemption (sales to banks, trusts, and institutional investors, etc.). The suspension of this provision remains effective until the expiration or rescission of Executive Orders 24-208 and 24-214, as amended, or further order, whichever is earlier.

Subsequently, the Governor issued Executive Order 25-10 on January 17, 2025, which extended the state of emergency and all provisions of Executive Order 24-208 for 60 days. Further, the Governor issued Executive Order 25-26 on January 31, 2025, which extended the state of emergency and all provisions of Executive Order 24-214 for 60 days.

### ***Securities Guaranty Fund***<sup>43</sup>

The Securities Guaranty Fund (fund) was created to provide relief to victims of securities violations under ch. 517, F.S., who are entitled to monetary damages or restitution but cannot recover the full amount of such damages or restitution from the wrongdoer. A person seeking to recover from the fund must meet certain conditions to be eligible for payment from the fund, including the following:

- Holds an unsatisfied final judgment entered on or after October 1, 2024, in which a wrongdoer was found to have violated ss. 517.07, F.S., or 517.301, F.S.;
- Has applied any amounts recovered from the judgment debtor or from any other source to the damages awarded by the court or arbitrator; and
- Is a natural person who was a resident of this state, or is a business entity that was domiciled in this state, at the time of the violation giving rise to the claim; or
- Is a receiver appointed pursuant to s. 517.191(2), F.S., by a court of competent jurisdiction for a wrongdoer order to pay restitution under s. 517.191, F.S., because of a violation of s. 517.07, F.S., or s. 517.301, F.S.

---

<sup>43</sup> Section 517.131, F.S.

## **Exempt Transactions Relating to Foreign Securities Markets and Foreign Securities Exchanges**

Section 517.061(20), F.S., provides that the registration provisions of s. 517.07, F.S., do not apply to a nonissuer transaction in an outstanding security by or through a dealer registered or exempt from registration under ch. 517, F.S., if the two following conditions are met:

- The issuer is a reporting issuer in a foreign jurisdiction designated by this subsection or by commission rule, and the issuer has been subject to continuous reporting requirements in such foreign jurisdiction for not less than 180 days before the transaction.
- The security is listed on the securities exchange designated by this subsection or by commission rule, is a security of the same issuer which is of senior or substantially equal rank to the listed security, or is a warrant or right to purchase or subscribe to any such security.

Exempt transactions conducted pursuant to this subsection are subject to the antifraud provisions of s. 517.301, F.S.

Further, subsection (20) designates Canada, together with its provinces and territories, is designated as a foreign jurisdiction, and Toronto Stock Exchange, Inc., as a securities exchange. If, after an administrative hearing in compliance with ss. 120.569 and 120.57, F.S., OFR finds that revocation is necessary or appropriate in furtherance of the public interest and for the protection of investors, it may revoke the designation of a securities exchange under this subsection.

## **Model Rule Exempting Certain Merger and Acquisition Brokers from Registration**

Merger and acquisition (M&A) brokers may introduce buyers and sellers, help value the business, recommend terms and structure of the sale, and assist with negotiations in the closing sales of privately held businesses. Smaller transactions may involve the sale of the assets of the business in exchange for cash. However, the ownership of a business may be transferred by means of the purchase, sale, exchange, issuance, merger, repurchase, or redemption of, or other business combinations involving securities. If a transaction involves securities, then state and federal securities laws may apply to the parties and the transactions.

The North American Securities Administrators Association (NASAA) is a voluntary association of securities regulators in the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, the 13 provincial and territorial securities regulators in Canada, and the securities regulator in México.<sup>44</sup> In November 2015, NASAA adopted the Model Rule Exempting Certain Merger and Acquisition Brokers from Registration, which provides a uniform approach to state-level securities regulation and provides an exemption for M&A brokers if certain conditions are met.<sup>45</sup>

---

<sup>44</sup> The North American Securities Administrators Association [About - NASAA](#) (last visited December 9, 2024).

<sup>45</sup> North American Securities Administrators Association, Model Rule Exempting Certain Merger and Acquisition Brokers From Registration, (Adopted Sep. 29, 2015; amended May 6, 2024), [Model-Rule-Exempting-Certain-Merger-and-Acquisition-Brokers-From-Registration-5-6-2024.pdf](#) (last visited Feb. 28, 2025).

In 2016, the Florida Legislature enacted legislation consistent with the model rule.<sup>46</sup> The law creates an exemption from registration with the OFR for a merger and acquisition (M&A) broker facilitating the offer or sale of securities in connection with the transfer of ownership of an eligible privately held company. To be an “eligible privately held company,” (1) the acquired company must not have any class of securities registered with the SEC pursuant to Section 12 of the Exchange Act of 1934; or be subject to the reporting obligations of Section 15(d) of the Exchange Act of 1934 or with OFR under s. 517.07, F.S.; and (2) in the fiscal year prior to the engagement of the M&A broker, the company must have (a) earnings before income tax depreciation and amortization of less than \$25 million, or (b) gross revenues of less than \$250 million.<sup>47</sup>

In 2024, NASAA amended the model rule to align it with recently enacted amendments to subsection 15(b)(13) of the Securities Exchange Act of 1934, which exempts certain merger and acquisition brokers from dealer registration.<sup>48</sup> Although the M&A brokers are exempt from registration, they remain subject to antifraud provisions and enforcement.

### III. Effect of Proposed Changes:

**Section 1** amends s. 517.021, F.S., to create and revise definitions of terms used in ch. 517. The following new terms are defined to clarify which applicants and persons associated with a license application under s. 517.12, F.S., (e.g., dealer, associated person, intermediary, and investment adviser) are subject to the national criminal background checks:

- Branch manager,
- Corporation,
- Director,
- Limited liability company,
- Limited liability company manager, and
- Trust.

Subsection (18) revises the definition of the term, “intermediary,” to mean a person who facilitates through its website the offer or sale of securities of an issuer with a principal place of business in Florida. The terms “corporation,” “trust,” “partnership,” “association,” and “other legal entity” previously flagged by the FBI as overly broad are removed from the definition. An intermediary is no longer required, as a natural person to reside in Florida or if an intermediary is a specified entity, it is no longer required to register with the Secretary of State to do business in Florida.

The section provides a technical conforming cross-reference within the definition of the term, “federal covered adviser.”

---

<sup>46</sup> Ch. 2016-111, Laws of Fla.

<sup>47</sup> Section 517.12(21), F.S.

<sup>48</sup> HR 2617, Consolidated Appropriations Act of 2023 (Public Law 117-328). For the statutory exemption to be available, in the fiscal year ending immediately before the fiscal year in which the services of the M&A broker are initially engaged with respect to the M&A transaction, the privately held company must either have earnings before interest, taxes, depreciation, and amortization (EBITDA) of less than \$25 million or gross revenues of less than \$250 million. *See* Exchange Act s. 15(b)(13)(E)(iii)(II). Congress authorized the SEC to adjust these dollar thresholds for inflation every five years.

**Section 2** amends s. 517.061, F.S., relating to exempt security transactions, to expand the categories of institutional investors covered by the exemption under subsection (9) to include:

- A savings and loan association, building and loan association, cooperative bank, homestead association, or credit union, which is supervised and examined by a state or federal authority having supervision over any such institution.
- A federal covered adviser, investment adviser registered pursuant to the laws of a state, exempt reporting adviser or private fund adviser as those terms are defined in s. 517.12(23)(a)2. and 3., respectively, investment adviser relying on the exemption from registering with the SEC under s. 203(l) or (m) of the Investment Advisers Act of 1940, as amended, business development company as defined in s. 2(a)(48) of the Investment Company Act of 1940, as amended, or business development company as defined in s. 202(a)(22) of the Investment Advisers Act of 1940, as amended.
- A small business investment company licensed by the Small Business Administration under s. 301(c) of the Small Business Investment Act of 1958, as amended, or rural business investment company as defined in s. 384A of the Consolidated Farm and Rural Development Act.
- A plan established and maintained by a state, a political subdivision thereof, or any agency or instrumentality of a state or a political subdivision, for the benefit of its employees, if such plan has total assets in excess of \$5 million, an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as described in s. 3(21) of such act, which is a bank, savings and loan association, insurance company, or federal covered adviser, or if the employee benefit plan has total assets in excess of \$5 million or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.
- An organization described in s. 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets of more than \$5 million.
- A trust, with total assets of more than \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in SEC Rule 506(b)(2)(ii), 17 C.F.R. s. 230.506(b)(2)(ii), as amended.
- An entity, of a type not listed in other paragraphs (a)-(g) or paragraph (j) which owns investments as defined in SEC Rule 2a51-1(b), 17 C.F.R. s. 270.2a51-1(b), as amended, of more than \$5 million and is not formed for the specific purpose of acquiring the securities offered.
- A family office as defined in SEC Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, 17 C.F.R. 275.202(a)(11)(G)-1), as amended, provided that: (1) The family office has assets under management in excess of \$5 million; (2) The family office is not formed for the specific purpose of acquiring the securities offered; and (3) The prospective investment of the family office is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.
- (j) An entity in which all the equity owners are described in s. 517.061(9)(a) – (i), F.S.

Subsection (11) is revised to require an issuer to file a notice of transaction on a form prescribed by commission rule, an irrevocable written consent to service of civil process similar to that provided in s. 517.101, F.S.

Subsections (18) and (19) are amended to provide technical changes.

Subsection (20), relating to the exempt nonissuer transactions by a dealer, is amended to clarify that the conditions for the exemption must be met at the time of the transaction; to remove the requirement that foreign jurisdictions be designated by this subsection or by rules prescribed by the Financial Services Commission (commission); and to require the commission to consider the following factors when designating a foreign securities exchange or foreign securities market by rule:

- Organization under foreign law.
- Association with a generally recognized community of dealers, financial institutions, or other professional intermediaries with an established operating history.
- Oversight by a governmental or self-regulatory body.
- Oversight standards set by general law.
- Reporting of securities transactions on a regular basis to a governmental or self-regulatory body.
- A system for exchange of price quotations through common communications media.
- An organized clearance and settlement system.
- Listing in SEC Regulation S Rule 902 (17 C.F.R. s. 230.902).

The section is also amended to remove the designation of Canada, together with its provinces and territories, as a foreign jurisdiction and to remove the designation of the Toronto Stock Exchange, Inc. as a designated securities exchange.

**Section 3** amends s. 517.062, F.S., the Florida Invest Local Exemption, which is a micro-offering that is limited to \$500,000, to require the issuer to file a notice of transaction on a form prescribed by commission rule and an irrevocable written consent to service of civil process similar to that provided in s. 517.101, F.S. The registration provisions of s. 517.07, F.S., do not apply to a securities transaction conducted in accordance with this section. However, such transactions are subject to the anti-fraud provisions of s. 517.301, F.S.

**Section 4** amends s. 517.0614, F.S., relating to integration of offerings. Subsection (2) is amended to provide that s. 517.061(9), F.S., relating to exempt transactions of institutional investors, is not subject to integration with other offerings. The amended subsection provides that offers and sales made in compliance with any of the following provisions are not subject to integration with other offering:

- Section 517.051 or 517.061, F.S., except for subsections (10) and (11) of s. 517.061, F.S.
- Section 517.0611 or 517.0612, F.S.

**Section 5** amends s. 517.0616, F.S., to provide that a registration exemption under s. 517.061(11), 517.0611, or 517.0612, F.S., is not available to an issuer that would be disqualified under SEC Rule 506(d), at the time the issuer makes an offer for the sale of a security. Rule 506(d) provides that an offering is disqualified from relying on a specified exemption if the



issuer or any other person covered by the rule has a relevant criminal conviction, regulatory or court order or other disqualifying event. Subsections (9) and (10) of s. 517.061, F.S., were removed from this section due to concerns that the inclusion of s. 517.061(9), F.S., would prohibit certain transactions with institutional investors in Florida, including offerings made pursuant to SEC Rule 144A under the Securities Act. At the federal level, the SEC has not applied any of the disqualification provisions for the safe harbors under Regulation D to these s. 4(a)(2) private placements.

Subsection (1) is further amended to specify that this section is applicable only to the following named persons: an issuer; a predecessor of the issuer; an affiliated issuer; a director, executive officer, or other officer of the issuer participating in the offering; a general partner or managing member of the issuer; a beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power; or a promoter connected with the issuer in any capacity at the time of such sale. Subsection (2) is created to clarify that the disqualification under SEC Rule 506(d) does not apply to any other person or entity listed in such rule.

Under current law, this section prohibits an issuer that would be disqualified under SEC Rule 506(d), at the time the issuer makes an offer for the sale of a security from using a registration exemption under s. 517.061(9), (10), or (11), F.S.; s. 517.0611, F.S.; or s. 517.0612, F.S.

**Section 6** amends s. 517.075, F.S., to provide a technical amendment.

**Section 7** amends s. 517.081, F.S., relating to registration procedures, to revise the criteria OFR uses to determine whether OFR will record the registration of a security of an applicant. Subsection (9) eliminates the merit review standard that requires OFR to find that an enterprise or business of the issuer is not based upon unsound business principles. However, the "fair, just, and equitable" standard still applies, as provided in subsection (9)(a)4., of this section.

Under current law, OFR must record the registration of a security in the register if, upon examination of an application, it finds that all of the following requirements are met:

- The application is complete.
- The fee imposed pursuant to s. 517.081(8), F.S., has been paid.
- The sale of the security would not be fraudulent and would not work or tend to work a fraud upon the purchaser.
- The terms of the sale of such securities would be fair, just, and equitable.
- The enterprise or business of the issuer is not based upon unsound business principles.

**Section 8** amends s. 517.12, F.S., relating to registration of dealers, associated persons, intermediaries, and investment advisers. Multiple subsections are revised to address concerns of the Federal Bureau of Investigations that the current terms and categories of persons used within the definitions of these terms do not clearly identify who, for purposes of registration, are subject to a national fingerprint-based criminal history background check, thereby not complying with federal law Pub. L. 92-544.

According to OFR, the amended portions of s. 517.12, F.S., are derived from the Securities and Exchange Commission's Uniform Application for Investment Adviser Registration (Form ADV)

and the Uniform application for Broker-Dealer Registration (Form BD), which are uniform application forms used nationally for the registration of dealers and investment advisers. The persons that are required to submit fingerprints are those natural persons listed on Schedules A and B of the forms.<sup>49</sup>

In subsection (7), the definition of the term, “dealer,” is amended to clarify that only certain natural persons affiliated with an entity that has elected to file an application with OFR for registration in Florida to engage in activities requiring registration as a “dealer” are subject to fingerprinting. The definition of the term, “associated person,” is amended to provide that only a natural person who has elected to file an application with the OFR for registration in Florida to engage in activities requiring registration as an “associated person” is subject to fingerprinting. Section 1 of the bill, amending s. 517.021, F.S., defines the term, “branch manager,” to clarify the definition of associated person. Section 1 of the bill further clarifies the definition of associated person by defining the terms, “general partner,” “limited partner,” and “partnership.”

The definition of the term, “investment adviser,” is clarified to provide that only certain natural persons affiliated with an entity that has elected to file an application with OFR for registration in Florida to engage in activities requiring registration as a “investment adviser” be fingerprinted.

Subsection (20) of 517.12, F.S., provides that only certain natural persons affiliated with an entity that has elected to file an application with OFR for registration as an intermediary be fingerprinted. In regard to the registration of an intermediary,

The term, “direct owner,” is defined for purposes of specifying who is subject to fingerprinting.

Subsection (22) is amended to update the provisions relating to the NASAA Model Rule Exempting Certain Merger and Acquisition Brokers from Registration. The definition of the term, “business combination related shell company,” is created. The definition of the term, “control person,” is revised to provide that a person is presumed to be the control person of a company if, *at completion of a transaction, the buyer or group of buyers* meets two, rather than three, statutory conditions:

- Has the power to vote 25 percent or more of a class of voting securities or has the power to sell or direct the sale of 25 percent or more of a class of voting securities; and
- May receive upon dissolution, or has contributed, 25 percent of the capital of a partnership or limited liability company.

The subsection increases the percentage of voting stock and capital contributions from 20 to 25 percent, as described above. The subsection removes one of the current conditions relating to control person, that is a person who “is a director, a general partner, a member or a manager of a limited liability company or is an officer who exercises executive responsibility or has a similar status or function.”

**Section 9** amends s. 517.131, F.S., relating to the Securities Guaranty Fund (fund). The term, “restitution order,” is defined in subsection (1) to mean a court order awarding a specified

---

<sup>49</sup> Office of Financial Regulation, 2025 Legislative Analysis of SB 988 (Feb. 25, 2025).

monetary amount to a named aggrieved person for a violation of s. 517.07, F.S., or s. 517.301, F.S., to be paid by a named violator.

Subsection (2) is amended to update cross references.

Subsection (3) is amended to clarify the conditions a person must meet to be eligible for payment from the fund. Restitution orders are added to the first two conditions for eligibility. As amended, a person is eligible for payment from the fund if the person:

- Is a judgment creditor in an unsatisfied final judgment or a named beneficiary or victim in an unsatisfied restitution order entered on or after October 1, 2024, in which a wrongdoer was found to have violated s. 517.07 or s. 517.301;
- Has applied any amount recovered from the judgment debtor, a person ordered to pay restitution, or any other source to the damages awarded in a final judgment or restitution order; are a named beneficiary or victim in an unsatisfied restitution order,

Subsection (5) is amended to revise and clarify the minimum information that is required to be provided on an application for payment from the fund and to include restitution orders.

**Section 10** amends s. 517.301, F.S., relating to fraudulent transactions and falsification or concealment of facts to replace the term, “business entity,” with “person.”

**Sections 11 and 12** amend ss. 517.211 and 517.517.315, F.S., respectively, to provide technical, conforming amendments.

**Section 13** provides the bill takes 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.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

A provision in s. 517.061, F.S., requires the Financial Services Commission (commission) to consider certain factors in designating a foreign securities exchange or

foreign securities market, including “association with a generally recognized community of dealers, financial institutions, or other professional intermediaries with an established operating history.” It is unclear what entity would make such a designation of a “generally recognized community.”

Two provisions in s. 517.12, F.S., authorize the commission to waive by rule the requirement that specified persons submit fingerprints or the requirement that such fingerprints be processed by the Florida Department of Law Enforcement. However, the law does not provide guidelines for waiver of such fingerprints.

Another provision in s. 517.12, F.S., relating to exempt merger and acquisition brokers, provides that after a securities transaction effectuating the transfer of ownership of a privately held company is completed, any person who acquires securities or assets of the eligible privately held company is deemed active in the management of the assets of the company if the person engages in activities that include, but are not limited to a list of factors. Since this list of factors is not all inclusive, it is unclear what other factors the Office of Insurance Regulation may use in making this determination.

The Legislature may not delegate its constitutional duties to another branch of government.<sup>50</sup> While the Legislature must make fundamental policy decisions, it may delegate the task of implementing that policy to executive agencies with “some minimal standards and guidelines ascertainable by reference to the enactment establishing the program.”<sup>51</sup> Moreover, the Legislature can permit “administration of legislative policy by an agency with the expertise and flexibility to deal with complex and fluid conditions.”<sup>52</sup>

Florida courts have found an unlawful delegation of legislative authority in the following instances:

- Where the Legislature allowed the Department of State to “in its discretion allow such a candidate to withdraw...”;<sup>53</sup> and
- Where the Legislature created a criminal penalty for escape from certain classifications of juvenile detention facilities, but delegated the classification (or determination whether to classify at all) to an agency.<sup>54</sup>

## V. Fiscal Impact Statement:

### A. Tax/Fee Issues:

None.

---

<sup>50</sup> See FLA. CONST. art II, s. 3.

<sup>51</sup> *Askew v. Cross Key Waterways*, 372 So.2d 913, 925 (Fla. 1978).

<sup>52</sup> *Microtel, Inc. v. Fla. Public Serv. Comm’n.*, 464 So.2d 1189, 1191 (Fla. 1991).

<sup>53</sup> *Fla. Dep’t. of State, Div. of Elections v. Martin*, 916 So.2d 763 (Fla. 2005).

<sup>54</sup> *D.P. v. State*, 597 So.2d 952 (Fla. 1st DCA, 1992)(disapproved on other grounds).

**B. Private Sector Impact:**

The revisions to provisions relating to s. 517.061(9) and (10), F.S., exempt security transactions will allow the sale of corporate bonds to qualified institutional buyers in Florida to resume.

According to the Florida Department of Law Enforcement (FDLE), the total fiscal impact to the private sector for a state and national criminal history check is \$36. Of this total amount, the cost for the national portion of the criminal history record check is \$12 and the cost for the state portion is \$24, which is deposited into FDLE's Operating Trust Fund.

Livescan service providers may assess additional processing fees, in addition to the cost of the criminal history record check fee imposed by FDLE and the FBI. The number of additional individuals who would be screened under SB 988 is unknown.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

According to the FDLE,<sup>55</sup> the FBI's Criminal Justice Information Law Unit (CJILU) must review the bill due to the legislative changes made to ss. 517.021 and 517.12, F.S. to ensure compliance with Public Law 92-544, relating to . The department respectfully recommends that the OFR continues to work on amending certain language within the applicable sections of ch. 517, F.S., in accordance with the FBI's CJILU guidelines. It should be noted that continued access to national criminal history record information is reliant upon the FBI's approval of the legislative changes.

**VIII. Statutes Affected:**

This bill amends sections 517.021, 517.061, 517.0612, 517.0614, 517.0616, 517.075, 517.081, 517.12, 517.131, 517.301, 517.211, and 517.315 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

---

<sup>55</sup> Florida Department of Law Enforcement, Analysis of SB 988 (Mar. 3, 2025).

B. Amendments:

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---



573800

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

The Committee on Banking and Insurance (Truenow) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Present subsections (6) through (9), (10), (11), (12), (13) through (17), (18), (19), (20) through (25), (26), and (27) of section 517.021, Florida Statutes, are redesignated as subsections (7) through (10), (12), (14), (15), (17) through (21), (25), (26), (28) through (33), (36), and (37), respectively, new subsections (6), (11), (13), (16), (22), (23),



573800

11 (24), (27), (34), and (35) are added to that section, and  
12 present subsections (11) and (15) of that section are amended,  
13 to read:

14 517.021 Definitions.—When used in this chapter, unless the  
15 context otherwise indicates, the following terms have the  
16 following respective meanings:

17 (6) "Branch manager" means a natural person who administers  
18 or supervises the affairs or operations of a branch office.

19 (11) "Corporation" has the same meaning as "corporation,"  
20 "domestic corporation," or "foreign corporation" in s.  
21 607.01401.

22 (13) "Director" means a person appointed or elected to sit  
23 on a board that manages the affairs of a corporation or other  
24 organization by electing or exercising control over its  
25 officers.

26 (14)~~(11)~~ "Federal covered adviser" means a person that is  
27 registered or required to be registered under s. 203 of the  
28 Investment Advisers Act of 1940, as amended. The term does not  
29 include any person that is excluded from the definition of  
30 investment adviser under subparagraphs (20) (b) 1.-7. ~~(16) (b) 1.-7.~~  
31 and 9.

32 (16) "General partner" has the same meaning as in s.  
33 620.1102 and includes a co-owner or manager of a partnership who  
34 has unlimited liability for the partnership's debts.

35 (19)~~(15)~~ "Intermediary" means a ~~natural~~ person that  
36 ~~residing in this state or a corporation, trust, partnership,~~  
37 ~~limited liability company, association, or other legal entity~~  
38 ~~registered with the Secretary of State to do business in this~~  
39 ~~state, which~~ facilitates through its website the offer or sale





573800

40 of securities of an issuer with a principal place of business in  
41 this state.

42 (22) "Limited liability company" has the same meaning as in  
43 s. 605.0102, including a "foreign limited liability company," as  
44 that term is defined in that section.

45 (23) "Limited liability company manager" or "limited  
46 liability managing member" means a person who is responsible  
47 alone, or in concert with others, for performing the management  
48 functions of a limited liability company.

49 (24) "Limited partner" has the same meaning as in s.  
50 620.1102 and includes a co-owner of a partnership who has  
51 limited liability for the partnership's debts.

52 (27) "Partnership" means two or more persons who are the  
53 co-owners of a business, including those operating as a "foreign  
54 limited liability limited partnership," a "foreign limited  
55 partnership," a "limited liability limited partnership," or a  
56 "limited partnership" as those terms are defined in s. 620.1102.

57 (34) "Shareholder" means a person who owns at least one  
58 share of a corporation and whose ownership is reflected in the  
59 records of the corporation.

60 (35) "Trust" has the same meaning as in s. 731.201.

61 Section 2. Subsections (7) and (9), paragraph (f) of  
62 subsection (11), and subsections (18), (19), and (20) of section  
63 517.061, Florida Statutes, are amended to read:

64 517.061 Exempt transactions.—Except as otherwise provided  
65 in subsection (11), the exemptions provided herein from the  
66 registration requirements of s. 517.07 are self-executing and do  
67 not require any filing with the office before being claimed. Any  
68 person who claims entitlement to an exemption under this section



573800

69 bears the burden of proving such entitlement in any proceeding  
70 brought under this chapter. The registration provisions of s.  
71 517.07 do not apply to any of the following transactions;  
72 however, such transactions are subject to s. 517.301:

73 (7) The offer or sale of securities, solely in connection  
74 with the transfer of ownership of an eligible privately held  
75 company, through a merger and acquisition broker in accordance  
76 with s. 517.12(22) ~~s. 517.12(21)~~.

77 (9) The offer or sale of securities to:

78 (a) A bank, trust company, savings institution, insurance  
79 company, dealer, investment company as defined in the Investment  
80 Company Act of 1940, 15 U.S.C. s. 80a-3, as amended, pension or  
81 profit-sharing trust, or qualified institutional buyer, whether  
82 any of such entities is acting in its individual or fiduciary  
83 capacity.

84 (b) A savings and loan association, building and loan  
85 association, cooperative bank, or credit union, which is  
86 supervised and examined by a state or federal authority having  
87 supervision over any such institution.

88 (c) A federal covered adviser, investment adviser  
89 registered pursuant to the laws of a state, exempt reporting  
90 adviser or private fund adviser as those terms are defined in s.  
91 517.12(23)(a)2. and 3., respectively, investment adviser relying  
92 on the exemption from registering with the Securities and  
93 Exchange Commission under s. 203(1) or (m) of the Investment  
94 Advisers Act of 1940, as amended, business development company  
95 as defined in s. 2(a)(48) of the Investment Company Act of 1940,  
96 as amended, or business development company as defined in s.  
97 202(a)(22) of the Investment Advisers Act of 1940, as amended.



573800

98           (d) A small business investment company licensed by the  
99 Small Business Administration under s. 301(c) of the Small  
100 Business Investment Act of 1958, as amended, or rural business  
101 investment company as defined in s. 384A of the Consolidated  
102 Farm and Rural Development Act.

103           (e) A plan established and maintained by a state, a  
104 political subdivision thereof, or any agency or instrumentality  
105 of a state or a political subdivision, for the benefit of its  
106 employees, if such plan has total assets in excess of \$5  
107 million, an employee benefit plan within the meaning of the  
108 Employee Retirement Income Security Act of 1974 if the  
109 investment decision is made by a plan fiduciary, as described in  
110 s. 3(21) of such act, which is a bank, savings and loan  
111 association, insurance company, or federal covered adviser, or  
112 if the employee benefit plan has total assets in excess of \$5  
113 million or, if a self-directed plan, with investment decisions  
114 made solely by persons that are accredited investors.

115           (f) An organization described in s. 501(c)(3) of the  
116 Internal Revenue Code, corporation, Massachusetts trust or  
117 similar business trust, partnership, or limited liability  
118 company, not formed for the specific purpose of acquiring the  
119 securities offered, with total assets in excess of \$5 million.

120           (g) A trust, with total assets in excess of \$5 million, not  
121 formed for the specific purpose of acquiring the securities  
122 offered, whose purchase is directed by a sophisticated person as  
123 described in Securities and Exchange Commission Rule  
124 506(b)(2)(ii), 17 C.F.R. s. 230.506(b)(2)(ii), as amended.

125           (h) An entity of a type not listed in paragraphs (a)-(g) or  
126 paragraph (j) which owns investments as defined in Securities



573800

127 and Exchange Commission Rule 2a51-1(b), 17 C.F.R. s. 270.2a51-  
128 1(b), as amended, in excess of \$5 million and is not formed for  
129 the specific purpose of acquiring the securities offered.

130 (i) A family office as defined in Securities and Exchange  
131 Commission Rule 202(a)(11)(G)-1 under the Investment Advisers  
132 Act of 1940, 17 C.F.R. s. 275.202(a)(11)(G)-1, as amended,  
133 provided that:

134 1. The family office has assets under management in excess  
135 of \$5 million;

136 2. The family office is not formed for the specific purpose  
137 of acquiring the securities offered; and

138 3. The prospective investment of the family office is  
139 directed by a person who has knowledge and experience in  
140 financial and business matters that the family office is capable  
141 of evaluating the merits and risks of the prospective  
142 investment.

143 (j) An entity in which all of the equity owners are  
144 described in paragraphs (a)-(i).

145 (11) Offers or sales of securities by an issuer in a  
146 transaction that meets all of the following conditions:

147 (f) The issuer files with the office a notice of  
148 transaction on a form prescribed by commission rule, an  
149 irrevocable written,~~a consent to service of civil process in~~  
150 accordance with s. 517.101, and a copy of the general  
151 announcement within 15 days after the first sale is made in this  
152 state. The commission may adopt by rule procedures for filing  
153 documents by electronic means.

154 (18) Any nonissuer transaction by a registered dealer, and  
155 any resale transaction by a sponsor of a unit investment trust



573800

156 registered under the Investment Company Act of 1940, as amended,  
157 in a security of a class that has been outstanding in the hands  
158 of the public for at least 90 days; provided that, at the time  
159 of the transaction, the following conditions in paragraphs (a),  
160 (b), and (c) and either paragraph (d) or paragraph (e) are met:

161 (a) The issuer of the security is actually engaged in  
162 business and is not in the organizational stage or in bankruptcy  
163 or receivership and is not a blank check, blind pool, or shell  
164 company whose primary plan of business is to engage in a merger  
165 or combination of the business with, or an acquisition of, an  
166 unidentified person.

167 (b) The security is sold at a price reasonably related to  
168 the current market price of the security.

169 (c) The security does not constitute the whole or part of  
170 an unsold allotment to, or a subscription or participation by,  
171 the dealer as an underwriter of the security.

172 (d) The security is listed in a nationally recognized  
173 securities manual designated by rule of the commission or a  
174 document filed with and publicly viewable through the Securities  
175 and Exchange Commission electronic data gathering and retrieval  
176 system and contains:

177 1. A description of the business and operations of the  
178 issuer.†

179 2. The names of the issuer's officers and directors, if  
180 any, or, in the case of an issuer not domiciled in the United  
181 States, the corporate equivalents of such persons in the  
182 issuer's country of domicile.†

183 3. An audited balance sheet of the issuer as of a date  
184 within 18 months before such transaction or, in the case of a



573800

185 reorganization or merger in which parties to the reorganization  
186 or merger had such audited balance sheet, a pro forma balance  
187 sheet. ~~and~~

188 4. An audited income statement for each of the issuer's  
189 immediately preceding 2 fiscal years, or for the period of  
190 existence of the issuer, if in existence for less than 2 years  
191 or, in the case of a reorganization or merger in which the  
192 parties to the reorganization or merger had such audited income  
193 statement, a pro forma income statement.

194 (e)1. The issuer of the security has a class of equity  
195 securities listed on a national securities exchange registered  
196 under the Securities Exchange Act of 1934, as amended;

197 2. The class of security is quoted, offered, purchased, or  
198 sold through an alternative trading system registered under  
199 Securities and Exchange Commission Regulation ATS, 17 C.F.R. s.  
200 242.301, as amended, and the issuer of the security has made  
201 current information publicly available in accordance with  
202 Securities and Exchange Commission Rule 15c2-11, 17 C.F.R. s.  
203 240.15c2-11, as amended;

204 3. The issuer of the security is a unit investment trust  
205 registered under the Investment Company Act of 1940, as amended;

206 4. The issuer of the security has been engaged in  
207 continuous business, including predecessors, for at least 3  
208 years; or

209 5. The issuer of the security has total assets of at least  
210 \$2 million based on an audited balance sheet as of a date within  
211 18 months before such transaction or, in the case of a  
212 reorganization or merger in which parties to the reorganization  
213 or merger had such audited balance sheet, a pro forma balance



573800

214 sheet.

215 (19) The offer or sale of any security effected by or  
216 through a person in compliance with s. 517.12(17) ~~s. 517.12(16)~~.

217 (20) (a) A nonissuer transaction in an outstanding security  
218 by or through a dealer registered or exempt from registration  
219 under this chapter, if, at the time of the transaction, all of  
220 the following conditions are met true:

221 ~~1.(a)~~ The issuer is a reporting issuer in a foreign  
222 jurisdiction ~~designated by this subsection or by commission~~  
223 ~~rule,~~ and the issuer has been subject to continuous reporting  
224 requirements in such foreign jurisdiction for not less than 180  
225 days before the transaction.

226 ~~2.(b)~~ The security is listed on a foreign securities  
227 exchange or foreign securities market ~~the securities exchange~~  
228 ~~designated by this subsection or by commission rule,~~ is a  
229 security of the same issuer which is of senior or substantially  
230 equal rank to the listed security, or is a warrant or right to  
231 purchase or subscribe to any such security.

232 (b) The commission shall consider all of the following in  
233 designating a foreign securities exchange or foreign securities  
234 market for purposes of this subsection:

235 1. Organization under foreign law.

236 2. Association with a community of dealers, financial  
237 institutions, or other professional intermediaries with an  
238 established operating history.

239 3. Oversight by a governmental or self-regulatory body.

240 4. Oversight standards set by general law.

241 5. Reporting of securities transactions on a regular basis  
242 to a governmental or self-regulatory body.



573800

243           6. A system for exchange of price quotations through common  
244 communications media.

245           7. An organized clearance and settlement system.

246           8. Listing in Securities and Exchange Commission Regulation  
247 S Rule 902, 17 C.F.R. s. 230.902, as amended.

248  
249 ~~For purposes of this subsection, Canada, together with its~~  
250 ~~provinces and territories, is designated as a foreign~~  
251 ~~jurisdiction, and Toronto Stock Exchange, Inc., is designated as~~  
252 ~~a securities exchange. If, after an administrative hearing in~~  
253 ~~compliance with ss. 120.569 and 120.57, the office finds that~~  
254 ~~revocation is necessary or appropriate in furtherance of the~~  
255 ~~public interest and for the protection of investors, it may~~  
256 ~~revoke the designation of a foreign securities exchange or~~  
257 ~~foreign securities market under this subsection.~~

258           Section 3. Subsection (10) of section 517.0612, Florida  
259 Statutes, is amended to read:

260           517.0612 Florida Invest Local Exemption.—

261           (10) The issuer must file with the office a notice of  
262 transaction on a form prescribed by commission rule, an  
263 irrevocable written consent to service of civil process in  
264 accordance with s. 517.101, and a copy of the disclosure  
265 statement described in subsection (8) at least ~~the offering with~~  
266 ~~the office, in writing or in electronic form, in a format~~  
267 ~~prescribed by commission rule, no less than 5 business days~~  
268 ~~before the offering commences, along with the disclosure~~  
269 ~~statement described in subsection (8).~~ If there are any material  
270 changes to the information previously submitted, the issuer  
271 must, within 3 business days after such material change, file an





573800

272 amended notice.

273 Section 4. Paragraph (b) of subsection (2) of section  
274 517.0614, Florida Statutes, is amended to read:

275 517.0614 Integration of offerings.—

276 (2) The integration analysis required by subsection (1) is  
277 not required if any of the following nonexclusive safe harbors  
278 apply:

279 (b) Offers and sales made in compliance with any of the  
280 following provisions are not subject to integration with other  
281 offerings:

282 1. Section 517.051 or s. 517.061, except s. 517.061(10) or  
283 (11) ~~s. 517.061(9), (10), or (11)~~.

284 2. Section 517.0611 or s. 517.0612.

285 Section 5. Section 517.0616, Florida Statutes, is amended  
286 to read:

287 517.0616 Disqualification.—

288 (1) A registration exemption under s. 517.061(11) ~~s.~~  
289 ~~517.061(9), (10), and (11)~~, s. 517.0611, or s. 517.0612 is not  
290 available to an issuer if, at the time the issuer makes an offer  
291 for the sale of a security, the issuer; a predecessor of the  
292 issuer; an affiliated issuer; a director, executive officer, or  
293 other officer of the issuer participating in the offering; a  
294 general partner or managing member of the issuer; a beneficial  
295 owner of 20 percent or more of the issuer's outstanding voting  
296 equity securities, calculated on the basis of voting power; or a  
297 promoter connected with the issuer in any capacity at the time  
298 of such sale ~~that~~ would be disqualified under Securities and  
299 Exchange Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as  
300 amended, ~~at the time the issuer makes an offer for the sale of a~~



573800

301 ~~security.~~

302       (2) The disqualification under Securities and Exchange  
303 Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as amended,  
304 does not apply to any other person or entity listed in such  
305 rule.

306       Section 6. Subsection (2) of section 517.075, Florida  
307 Statutes, is amended to read:

308       517.075 Cuba, prospectus disclosure of doing business with,  
309 required.—

310       (2) Any disclosure required by subsection (1) must include:

311       (a) The name of such person, affiliate, or government with  
312 which the issuer does business and the nature of that business.~~†~~

313       (b) A statement that the information is accurate as of the  
314 date the securities were effective with the ~~United States~~  
315 Securities and Exchange Commission or with the office, whichever  
316 date is later.~~†~~ ~~and~~

317       (c) A statement that current information concerning the  
318 issuer's business dealings with the government of Cuba or with  
319 any person or affiliate located in Cuba may be obtained from the  
320 office, which statement must include the address and phone  
321 number of the office.

322       Section 7. Subsection (5) and paragraph (a) of subsection  
323 (9) of section 517.081, Florida Statutes, are amended to read:

324       517.081 Registration procedure.—

325       (5) ~~All of~~ The following issuers are not eligible to submit  
326 a simplified offering circular:

327       (a) An issuer that is subject to any of the  
328 disqualifications described in Securities and Exchange  
329 Commission Rule 262, 17 C.F.R. s. 230.262, as amended, or that



573800

330 has been or is engaged or is about to engage in an activity that  
331 would be grounds for denial, revocation, or suspension under s.  
332 517.111. For purposes of this paragraph, an issuer includes an  
333 issuer's director, officer, general partner, manager or managing  
334 member, trustee, or a person owning at least 10 percent of the  
335 ownership interests of the issuer; a promoter or selling agent  
336 of the securities to be offered; or any officer, director,  
337 partner, or manager or managing member of such selling agent.

338 (b) An issuer that is a development-stage company that  
339 either has no specific business plan or purpose or has indicated  
340 that its business plan is to merge with an unidentified business  
341 entity or entities.

342 (c) An issuer of offerings in which the specific business  
343 or properties cannot be described.

344 (d) An issuer that the office determines is ineligible  
345 because the simplified circular does not provide full and fair  
346 disclosure of material information for the type of offering to  
347 be registered by the issuer.

348 (9) (a) The office shall record the registration of a  
349 security in the register of securities if, upon examination of  
350 an application, it finds that all of the following requirements  
351 are met:

- 352 1. The application is complete.
- 353 2. The fee imposed in subsection (8) has been paid.
- 354 3. The sale of the security would not be fraudulent and  
355 would not work or tend to work a fraud upon the purchaser.
- 356 4. The terms of the sale of such securities would be fair,  
357 just, and equitable.
- 358 ~~5. The enterprise or business of the issuer is not based~~



573800

359 ~~upon unsound business principles.~~

360       Section 8. Present subsections (7) through (22) of section  
361 517.12, Florida Statutes, are redesignated as subsections (8)  
362 through (23), respectively, a new subsection (7) is added to  
363 that section, and subsection (6), present subsection (10),  
364 paragraph (b) of present subsection (14), and present  
365 subsections (19), (20), and (21) of that section are amended, to  
366 read:

367       517.12 Registration of dealers, associated persons,  
368 intermediaries, and investment advisers.—

369       (6) The application must also contain such information as  
370 the commission or office may require about the applicant; any  
371 member, principal, or director of the applicant or any person  
372 having a similar status or performing similar functions; any  
373 person directly or indirectly controlling the applicant; or any  
374 employee of a dealer or of an investment adviser rendering  
375 investment advisory services. ~~Each applicant and any direct~~  
376 ~~owners, principals, or indirect owners that are required to be~~  
377 ~~reported on Form BD or Form ADV pursuant to subsection (14)~~  
378 ~~shall submit fingerprints for live-scan processing in accordance~~  
379 ~~with rules adopted by the commission. The fingerprints may be~~  
380 ~~submitted through a third-party vendor authorized by the~~  
381 ~~Department of Law Enforcement to provide live-scan~~  
382 ~~fingerprinting. The costs of fingerprint processing shall be~~  
383 ~~borne by the person subject to the background check. The~~  
384 ~~Department of Law Enforcement shall conduct a state criminal~~  
385 ~~history background check, and a federal criminal history~~  
386 ~~background check must be conducted through the Federal Bureau of~~  
387 ~~Investigation. The office shall review the results of the state~~



573800

388 ~~and federal criminal history background checks and determine~~  
389 ~~whether the applicant meets licensure requirements. The~~  
390 ~~commission may waive, by rule, the requirement that applicants,~~  
391 ~~including any direct owners, principals, or indirect owners that~~  
392 ~~are required to be reported on Form BD or Form ADV pursuant to~~  
393 ~~subsection (14), submit fingerprints or the requirement that~~  
394 ~~such fingerprints be processed by the Department of Law~~  
395 ~~Enforcement or the Federal Bureau of Investigation. The~~  
396 commission or office may require information about any such  
397 applicant or person concerning such matters as:

398 (a) The applicant's or person's full name, and any other  
399 names by which the applicant or person may have been known, and  
400 the applicant's or person's age, social security number,  
401 photograph, qualifications, and educational and business  
402 history.

403 (b) Any injunction or administrative order by a state or  
404 federal agency, national securities exchange, or national  
405 securities association involving a security or any aspect of a  
406 dealer's or investment adviser's regulated business and any  
407 injunction or administrative order by a state or federal agency  
408 regulating banking, insurance, finance, or small loan companies,  
409 real estate, mortgage brokers, or other related or similar  
410 industries, which injunctions or administrative orders relate to  
411 such person.

412 (c) The applicant's or person's conviction of, or plea of  
413 nolo contendere to, a criminal offense or the applicant's or  
414 person's commission of any acts which would be grounds for  
415 refusal of an application under s. 517.161.

416 (d) The names and addresses of other persons of whom the



573800

417 office may inquire as to the applicant's or person's character,  
418 reputation, and financial responsibility.

419 (7) (a) 1. The following natural persons shall submit a full  
420 set of fingerprints to the Department of Law Enforcement or to a  
421 vendor, entity, or agency authorized under s. 943.053(13) for  
422 live-scan processing in accordance with rules adopted by the  
423 commission:

424 a. A natural person who files an application with the  
425 office for registration as an associated person.

426 b. A natural person who holds the title of president,  
427 treasurer, chief executive officer, chief financial officer,  
428 chief operations officer, chief legal officer, chief compliance  
429 officer, or director for a dealer or investment adviser  
430 applicant.

431 c. A natural person who owns at least 5 percent of a dealer  
432 or investment adviser applicant.

433 d. With respect to each owner who owns at least 5 percent  
434 of a dealer or investment adviser applicant which is a  
435 corporation, partnership, trust, or limited liability company,  
436 each natural person who is a 25 percent or more owner or trustee  
437 of such entity, and each natural person who is a 25 percent or  
438 more owner or trustee at each level up the chain of ownership up  
439 to, but not including, an entity subject to s. 12 or s. 15(d) of  
440 the Securities Exchange Act of 1934, as amended.

441 2. For purposes of this subsection, the term "owner" means:

442 a. A shareholder who owns a percentage of a class of voting  
443 securities of a dealer or an investment adviser applicant, and  
444 includes any person who owns, beneficially owns, has the right  
445 to vote on, or has the power to sell or direct the sale of, the



573800

446 percentage of a class of a voting security of the dealer or  
447 investment adviser applicant specified in sub-subparagraph 1.c.  
448 or 1.d. For purposes of this sub-subparagraph, a person  
449 beneficially owns any securities:

450 (I) That are owned by the shareholder's child, stepchild,  
451 grandchild, parent, stepparent, grandparent, spouse, sibling,  
452 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
453 brother-in-law, or sister-in-law, sharing the same residence; or

454 (II) That the shareholder has the right to acquire, within  
455 60 days, through the exercise of any option, warrant, or right  
456 to purchase the securities.

457 b. A general partner of a partnership, and a limited  
458 partner of a partnership who has the right to receive upon  
459 dissolution, or has contributed, a percentage of the capital of  
460 a dealer or investment adviser applicant.

461 c. A trustee of a trust that owns a percentage of a class  
462 of a voting security of a dealer or investment adviser  
463 applicant, or that has the right to receive upon dissolution, or  
464 has contributed, a percentage of the capital of a dealer or  
465 investment adviser applicant.

466 d. A member of a limited liability company who has the  
467 right to receive upon dissolution, or has contributed, a  
468 percentage of the capital of a dealer or investment adviser  
469 applicant, and all limited liability company managers of a  
470 dealer or investment adviser applicant.

471 (b) A vendor, entity, or agency authorized under s.  
472 943.053(13) to submit fingerprints electronically to the  
473 Department of Law Enforcement shall submit the fingerprints to  
474 the department for state processing, and the department shall



573800

475 forward the fingerprints to the Federal Bureau of Investigation  
476 for national processing.

477 (c) Fees for state and federal fingerprint processing shall  
478 be borne by the person subject to the criminal history record  
479 check. The state cost for fingerprint processing shall be as  
480 provided in s. 943.053(3)(e).

481 (d) The office shall review the results of the state and  
482 federal criminal history record checks and determine whether the  
483 applicant is disqualified from registration. The commission may  
484 waive by rule the requirement that the persons listed in this  
485 subsection submit fingerprints or the requirement that such  
486 fingerprints be processed by the Department of Law Enforcement  
487 or the Federal Bureau of Investigation. In waiving the  
488 requirement, the commission may consider the rules and  
489 regulations of the Securities and Exchange Commission, the model  
490 rules and acts of the North American Securities Administrators  
491 Association, Inc., and the rules and regulations of the  
492 Financial Industry Regulatory Authority.

493 (11) (a) ~~(10) (a)~~ If the office finds that the applicant has  
494 complied with the applicable registration provisions of this  
495 chapter and the rules made pursuant hereto, it shall register  
496 the applicant unless the applicant is otherwise disqualified for  
497 registration pursuant to law. The registration of each dealer,  
498 investment adviser, and associated person expires on December 31  
499 of the year the registration became effective unless the  
500 registrant has renewed its registration on or before that date.  
501 Registration may be renewed by furnishing such information as  
502 the commission may require, together with payment of the fee  
503 required in paragraph (10) (a) ~~(9) (a)~~ for dealers, investment





573800

504 advisers, or associated persons and the payment of any amount  
505 lawfully due and owing to the office pursuant to any order of  
506 the office or pursuant to any agreement with the office. Any  
507 dealer, investment adviser, or associated person who has not  
508 renewed a registration by the time the current registration  
509 expires may request reinstatement of such registration by filing  
510 with the office, on or before January 31 of the year following  
511 the year of expiration, such information as may be required by  
512 the commission, together with payment of the fee required in  
513 paragraph (10)(a) ~~(9)(a)~~ for dealers, investment advisers, or  
514 associated persons and a late fee equal to the amount of such  
515 fee. Any reinstatement of registration granted by the office  
516 during the month of January shall be deemed effective  
517 retroactive to January 1 of that year.

518 (b) The office shall waive the \$50 assessment fee for an  
519 associated person required by paragraph (10)(a) ~~(9)(a)~~ for a  
520 registrant renewing his or her registration who:

521 1. Is an active duty member of the United States Armed  
522 Forces or the spouse of such member;

523 2. Is or was a member of the United States Armed Forces and  
524 served on active duty within the 2 years preceding the  
525 expiration date of the registration pursuant to paragraph (a).

526 To qualify for the fee waiver, a registrant who is a former  
527 member of the United States Armed Forces who served on active  
528 duty within the 2 years preceding the expiration date of the  
529 registration must have received an honorable discharge upon  
530 separation or discharge from the United States Armed Forces; or

531 3. Is the surviving spouse of a member of the United States  
532 Armed Forces if the member was serving on active duty at the



573800

533 time of death and died within the 2 years preceding the  
534 surviving spouse's registration expiration date pursuant to  
535 paragraph (a).

536

537 A registrant seeking such fee waiver must submit proof, in a  
538 form prescribed by commission rule, that the registrant meets  
539 one of the qualifications in this paragraph.

540 (15)~~(14)~~

541 (b) In lieu of filing with the office the applications  
542 specified in subsection (5), the fees required by subsection  
543 (10) ~~(9)~~, the renewals required by subsection (11) ~~(10)~~, and the  
544 termination notices required by subsection (12) ~~(11)~~, the  
545 commission may by rule establish procedures for the deposit of  
546 such fees and documents with the Central Registration Depository  
547 or the Investment Adviser Registration Depository of the  
548 Financial Industry Regulatory Authority, as developed under  
549 contract with the North American Securities Administrators  
550 Association, Inc.

551 (20)~~(19)~~ An intermediary may not engage in business in this  
552 state unless the intermediary is registered as a dealer or as an  
553 intermediary with the office pursuant to this section to  
554 facilitate the offer or sale of securities in accordance with s.  
555 517.0611. An intermediary, in order to obtain registration, must  
556 file with the office a written application on a form prescribed  
557 by commission rule and pay a registration fee of \$200. The fees  
558 under this subsection shall be deposited into the Regulatory  
559 Trust Fund of the office. The commission may establish by rule  
560 procedures for depositing fees and filing documents by  
561 electronic means if such procedures provide the office with the



573800

562 information and data required by this section. Each intermediary  
563 must also file an irrevocable written consent to service of  
564 civil process, as provided in s. 517.101.

565 (a) The application must contain such information as the  
566 commission or office may require concerning:

567 1. The name of the applicant and address of its principal  
568 office and each office in this state.

569 2. The applicant's form and place of organization; and, if  
570 the applicant is:

571 a. A corporation, a copy of its articles of incorporation  
572 and amendments to the articles of incorporation;

573 b. A limited liability company, a copy of its articles of  
574 organization and amendments to the articles and a copy of the  
575 company's operating agreement as may be amended; or

576 c. A partnership, a copy of the partnership agreement.

577 3. The website address where securities of the issuer will  
578 be offered.

579 4. Contact information.

580 (b) The application must also contain such information as  
581 the commission may require by rule about the applicant; any  
582 member, principal, or director of the applicant or any person  
583 having a similar status or performing similar functions; or any  
584 persons directly or indirectly controlling the applicant. ~~Each~~  
585 ~~applicant and any direct owners, principals, or indirect owners~~  
586 ~~that are required to be reported on a form adopted by commission~~  
587 ~~rule shall submit fingerprints for live-scan processing in~~  
588 ~~accordance with rules adopted by the commission. The~~  
589 ~~fingerprints may be submitted through a third party vendor~~  
590 ~~authorized by the Department of Law Enforcement to provide live-~~



573800

591 ~~scan fingerprinting. The costs of fingerprint processing shall~~  
592 ~~be borne by the person subject to the background check. The~~  
593 ~~Department of Law Enforcement shall conduct a state criminal~~  
594 ~~history background check, and a federal criminal history~~  
595 ~~background check must be conducted through the Federal Bureau of~~  
596 ~~Investigation. The office shall review the results of the state~~  
597 ~~and federal criminal history background checks and determine~~  
598 ~~whether the applicant meets registration requirements. The~~  
599 ~~commission may waive, by rule, the requirement that applicants,~~  
600 ~~including any direct owners, principals, or indirect owners,~~  
601 ~~which are required to be reported on a form adopted by~~  
602 ~~commission rule, submit fingerprints or the requirement that~~  
603 ~~such fingerprints be processed by the Department of Law~~  
604 ~~Enforcement or the Federal Bureau of Investigation. The~~  
605 ~~commission, by rule, or the office may require information about~~  
606 ~~any applicant or person, including:~~

607       1. The applicant's or person's full name and any other  
608 names by which the applicant or person may have been known and  
609 the applicant's or person's age, social security number,  
610 photograph, qualifications, and educational and business  
611 history.

612       2. Any injunction or administrative order by a state or  
613 federal agency, national securities exchange, or national  
614 securities association involving a security or any aspect of an  
615 intermediary's regulated business and any injunction or  
616 administrative order by a state or federal agency regulating  
617 banking, insurance, finance, real estate, mortgage brokers, or  
618 other related or similar industries, which relate to such  
619 person.



573800

620           3. The applicant's or person's conviction of, or plea of  
621 nolo contendere to, a criminal offense or the applicant's or  
622 person's commission of any acts that would be grounds for  
623 refusal of an application under s. 517.161.

624           (c)1. The following natural persons must submit a full set  
625 of fingerprints to the Department of Law Enforcement or to a  
626 vendor, entity, or agency authorized under s. 943.053(13) for  
627 live-scan processing in accordance with rules adopted by the  
628 commission:

629           a. A natural person filing an application with the office  
630 for registration as an intermediary.

631           b. A natural person who holds the title of president,  
632 treasurer, chief executive officer, chief financial officer,  
633 chief operations officer, chief legal officer, chief compliance  
634 officer, or director for an intermediary applicant.

635           c. A natural person who is a 5 percent or more owner of an  
636 intermediary applicant.

637           d. With respect to each 5 percent or more owner of an  
638 intermediary applicant that is a corporation, partnership,  
639 trust, or limited liability company, each natural person who is  
640 a 25 percent or more owner or trustee of such entity, and each  
641 natural person who is a 25 percent or more owner or trustee at  
642 each level up the chain of ownership up to, but not including an  
643 entity subject to s. 12 or s. 15(d) of the Securities Exchange  
644 Act of 1934, as amended.

645           2. For purposes of this subsection, the term "owner" means:

646           a. A shareholder who owns a percentage of a class of voting  
647 securities of an intermediary applicant, and includes any person  
648 who owns, beneficially owns, has the right to vote on, or has



573800

649 the power to sell or direct the sale of, the percentage of a  
650 class of a voting security of the intermediary applicant  
651 specified in sub-subparagraph 1.c. or 1.d. For purposes of this  
652 sub-subparagraph, a person beneficially owns any securities:

653 (I) That are owned by the shareholder's child, stepchild,  
654 grandchild, parent, stepparent, grandparent, spouse, sibling,  
655 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
656 brother-in-law, or sister-in-law, sharing the same residence; or

657 (II) That the shareholder has the right to acquire, within  
658 60 days, through the exercise of any option, warrant, or right  
659 to purchase the securities.

660 b. A general partner of a partnership, and a limited  
661 partner of a partnership who has the right to receive upon  
662 dissolution, or has contributed, a percentage of the capital of  
663 an intermediary applicant.

664 c. A trustee of a trust that owns a percentage of a class  
665 of a voting security of an intermediary applicant, or that has  
666 the right to receive upon dissolution, or has contributed, a  
667 percentage of the capital of an intermediary applicant.

668 d. A member of a limited liability company who has the  
669 right to receive upon dissolution, or has contributed, a  
670 percentage of the capital of an intermediary applicant, and, all  
671 limited liability company managers of an intermediary applicant.

672 (d) The vendor, entity, or agency authorized under s.  
673 943.053(13) to submit fingerprints electronically to the  
674 Department of Law Enforcement shall submit the fingerprints to  
675 the department for state processing, and the department shall  
676 forward the fingerprints to the Federal Bureau of Investigation  
677 for national processing.



573800

678       (e) Fees for state and federal fingerprint processing must  
679 be borne by the person subject to the criminal history record  
680 check. The state cost for fingerprint processing is as provided  
681 in s. 943.053(3)(e).

682       (f) The office shall review the results of the state and  
683 federal criminal history record checks and determine whether the  
684 applicant is disqualified from registration. The commission may  
685 waive by rule the requirement that applicants, including any  
686 persons listed in sub-subparagraphs (c)1.a.-d., submit  
687 fingerprints or the requirement that such fingerprints be  
688 processed by the Department of Law Enforcement or the Federal  
689 Bureau of Investigation. In waiving the requirement, the  
690 commission may consider the rules and regulations of the  
691 Securities and Exchange Commission, the model rules and acts of  
692 the North American Securities Administrators Association, Inc.,  
693 and the rules and regulations of the Financial Industry  
694 Regulatory Authority.

695       (g)~~(e)~~ The application must be amended within 30 days if  
696 any information contained in the form becomes inaccurate for any  
697 reason.

698       (h)~~(d)~~ An intermediary or persons affiliated with the  
699 intermediary are not subject to any disqualification described  
700 in s. 517.1611 or Securities and Exchange Commission Rule  
701 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the Securities  
702 Act of 1933, as amended. Each director, officer, manager or  
703 managing member, control person of the issuer, any person  
704 occupying a similar status or performing a similar function, and  
705 each person holding more than 20 percent of the ownership  
706 interests of the intermediary is subject to this requirement.



573800

707        (i)~~(e)~~ If the office finds that the applicant has complied  
708 with the applicable registration provisions of this chapter and  
709 the rules adopted thereunder, it shall register the applicant.  
710 The registration of each intermediary expires on December 31 of  
711 the year the registration became effective unless the registrant  
712 renews his or her registration on or before that date.  
713 Registration may be renewed by furnishing such information as  
714 the commission may require by rule, together with payment of a  
715 \$200 fee and the payment of any amount due to the office  
716 pursuant to any order of the office or pursuant to any agreement  
717 with the office. An intermediary who has not renewed a  
718 registration by the time that the current registration expires  
719 may request reinstatement of such registration by filing with  
720 the office, on or before January 31 of the year following the  
721 year of expiration, such information as required by the  
722 commission, together with payment of the \$200 fee and a late fee  
723 of \$200. Any reinstatement of registration granted by the office  
724 during the month of January is deemed effective retroactive to  
725 January 1 of that year.

726        (21)~~(20)~~ The registration requirements of this section do  
727 not apply to any general lines insurance agent or life insurance  
728 agent licensed under chapter 626, with regard to the sale of a  
729 security as defined in s. 517.021(30)(g) ~~s. 517.021(25)(g)~~, if  
730 the individual is directly authorized by the issuer to offer or  
731 sell the security on behalf of the issuer and the issuer is a  
732 federally chartered savings bank subject to regulation by the  
733 Federal Deposit Insurance Corporation. Actions under this  
734 subsection constitute activity under the insurance agent's  
735 license for purposes of ss. 626.611 and 626.621.





573800

736           ~~(22) (a) (21) (a)~~ As used in this subsection, the term:  
737           1. "Broker" has the same meaning as "dealer" as defined in  
738 s. 517.021.

739           2. "Business combination related shell company" means a  
740 shell company that is formed by an entity that is not a shell  
741 company solely for the purpose of:

742           a. Changing the corporate domicile of the entity solely  
743 within the United States; or

744           b. Completing a business combination transaction, as  
745 defined in 17 C.F.R. s. 230.165(f), among one or more entities  
746 other than the company itself, none of which is a shell company.

747           ~~3.2.~~ "Control person" means a person ~~an individual or~~  
748 ~~entity~~ that possesses the power, directly or indirectly, to  
749 direct the management or policies of a company through ownership  
750 of securities, by contract, or otherwise. A person is presumed  
751 to be a control person of a company if, upon completion of a  
752 transaction, the buyer or group of buyers with respect to a  
753 particular company, the person:

754           ~~a. Is a director, a general partner, a member, or a manager~~  
755 ~~of a limited liability company, or is an officer who exercises~~  
756 ~~executive responsibility or has a similar status or function;~~

757           ~~a.b.~~ Has the power to vote 25 ~~20~~ percent or more of a class  
758 of voting securities or has the power to sell or direct the sale  
759 of 25 ~~20~~ percent or more of a class of voting securities; or

760           ~~b.e.~~ In the case of a partnership or limited liability  
761 company, may receive upon dissolution, or has contributed, 25 ~~20~~  
762 percent or more of the capital.

763           ~~4.3.~~ "Eligible privately held company" means a privately  
764 held company that meets all of the following conditions:



573800

765 a. The company does not have any class of securities which  
766 is registered, or which is required to be registered, with the  
767 ~~United States~~ Securities and Exchange Commission under the  
768 Securities Exchange Act of 1934, 15 U.S.C. ss. 78a et seq., as  
769 amended, or with the office under s. 517.07, or for which the  
770 company files, or is required to file, summary and periodic  
771 information, documents, and reports under s. 15(d) of the  
772 Securities Exchange Act of 1934, 15 U.S.C. s. 78o(d), as  
773 amended.

774 b. In the fiscal year immediately preceding the fiscal year  
775 during which the merger and acquisition broker begins to provide  
776 services for the securities transaction, the company, in  
777 accordance with its historical financial accounting records, has  
778 earnings before interest, taxes, depreciation, and amortization  
779 of less than \$25 million or has gross revenues of less than \$250  
780 million. On July 1, 2021, and every 5 years thereafter, each  
781 dollar amount in this sub-subparagraph shall be adjusted by  
782 dividing the annual value of the Employment Cost Index for wages  
783 and salaries for private industry workers, or any successor  
784 index, as published by the Bureau of Labor Statistics, for the  
785 calendar year preceding the calendar year in which the  
786 adjustment is being made, by the annual value of such index or  
787 successor index for the calendar year ending December 31, 2020  
788 ~~2012~~, and multiplying such dollar amount by the quotient  
789 obtained. Each dollar amount determined under this sub-  
790 subparagraph must ~~shall~~ be rounded to the nearest multiple of  
791 \$100,000 and adopted by commission rule.

792 ~~5.4.~~ "Merger and acquisition broker" means a ~~any~~ broker and  
793 any person associated with a broker engaged in the business of



573800

794 effecting securities transactions solely in connection with the  
795 transfer of ownership of an eligible privately held company,  
796 regardless of whether the ~~that~~ broker acts on behalf of a seller  
797 or buyer, through the purchase, sale, exchange, issuance,  
798 repurchase, or redemption of, or a business combination  
799 involving, securities or assets of the eligible privately held  
800 company.

801 ~~6.5.~~ "Public Shell company" means a company that at the  
802 time of a transaction with an eligible privately held company:

803 ~~a. Has any class of securities which is registered, or~~  
804 ~~which is required to be registered, with the United States~~  
805 ~~Securities and Exchange Commission under the Securities Exchange~~  
806 ~~Act of 1934, 15 U.S.C. ss. 78a et seq., or with the office under~~  
807 ~~s. 517.07, or for which the company files, or is required to~~  
808 ~~file, summary and periodic information, documents, and reports~~  
809 ~~under s. 15(d) of the Securities Exchange Act of 1934, 15 U.S.C.~~  
810 ~~s. 78o(d);~~

811 ~~a.b.~~ Has nominal or no operations; ~~and~~

812 ~~b.e.~~ Has nominal assets or no assets, assets consisting  
813 solely of cash and cash equivalents, or assets consisting of any  
814 amount of cash and cash equivalents and nominal other assets.

815 (b) Prior to the completion of any securities transaction  
816 described in s. 517.061(7), a merger and acquisition broker must  
817 receive written assurances from the control person with the  
818 largest percentage of ownership for both the buyer and seller  
819 engaged in the transaction that:

820 1. After the transaction is completed, any person who  
821 acquires securities or assets of the eligible privately held  
822 company, acting alone or in concert, will be a control person of



573800

823 the eligible privately held company or will be a control person  
824 for the business conducted with the assets of the eligible  
825 privately held company.~~;~~ and

826 2. After the transaction is completed, any person who  
827 acquires securities or assets of the eligible privately held  
828 company, acting alone or in concert, will be deemed to be active  
829 in the management of the eligible privately held company or the  
830 business conducted with the assets of the eligible privately  
831 held company, and active in the management of the assets of the  
832 eligible privately held company, if he or she engages in any of  
833 the following acts or activities:

- 834 a. Electing executive officers.  
835 b. Approving the annual budget.  
836 c. Serving as an executive or other executive manager.  
837 d. Carrying out such other activities as the commission may  
838 by rule determine to be in the public interest.

839 3.2. If any person is offered securities in exchange for  
840 securities or assets of the eligible privately held company,  
841 such person will, before becoming legally bound to complete the  
842 transaction, receive or be given reasonable access to the most  
843 recent year-end financial statements of the issuer of the  
844 securities offered in exchange. The most recent year-end  
845 financial statements shall be customarily prepared by the  
846 issuer's management in the normal course of operations. If the  
847 financial statements of the issuer are audited, reviewed, or  
848 compiled, the most recent year-end financial statements must  
849 include any related statement by the independent certified  
850 public accountant; a balance sheet dated not more than 120 days  
851 before the date of the exchange offer; and information



852 pertaining to the management, business, results of operations  
853 for the period covered by the foregoing financial statements,  
854 and material loss contingencies of the issuer.

855 (c) A merger and acquisition broker engaged in a  
856 transaction exempt under s. 517.061(7) is exempt from  
857 registration under this section unless the merger and  
858 acquisition broker:

859 1. Directly or indirectly, in connection with the transfer  
860 of ownership of an eligible privately held company, receives,  
861 holds, transmits, or has custody of the funds or securities to  
862 be exchanged by the parties to the transaction;

863 2. Engages on behalf of an issuer in a public offering of  
864 any class of securities which is registered, or which is  
865 required to be registered, with the ~~United States~~ Securities and  
866 Exchange Commission under the Securities Exchange Act of 1934,  
867 15 U.S.C. ss. 78a et seq., as amended, or with the office under  
868 s. 517.07; or for which the issuer files, or is required to  
869 file, periodic information, documents, and reports under s.  
870 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. s.  
871 78o(d), as amended;

872 3. Engages on behalf of any party in a transaction  
873 involving a ~~public~~ shell company, other than a business  
874 combination related shell company;

875 4. Directly, or indirectly through any of its affiliates,  
876 provides financing related to the transfer of ownership of an  
877 eligible privately held company;

878 5. Assists any party to obtain financing from an  
879 unaffiliated third party without:

880 a. Complying with all other applicable laws in connection



573800

881 with such assistance, including, if applicable, Regulation T  
882 under 12 C.F.R. ss. 220 et seq., as amended; and  
883 b. Disclosing any compensation in writing to the party;  
884 6. Represents both the buyer and the seller in the same  
885 transaction without providing clear written disclosure as to the  
886 parties the broker represents and obtaining written consent from  
887 both parties to the joint representation;  
888 7. Facilitates a transaction with a group of buyers formed  
889 with the assistance of the merger and acquisition broker to  
890 acquire the eligible privately held company;  
891 8. Engages in a transaction involving the transfer of  
892 ownership of an eligible privately held company to a passive  
893 buyer or group of passive buyers;  
894 9. Binds a party to a transfer of ownership of an eligible  
895 privately held company; or  
896 10. Is subject to, or an officer, director, member,  
897 manager, partner, or employee of the broker is subject to, the  
898 following disciplinary actions:  
899 a. Has been barred from association with a broker or dealer  
900 by the Securities and Exchange Commission, any state, or any  
901 self-regulatory organization; or  
902 b. Is suspended from association with a broker or dealer.  
903 ~~4. Is subject to a suspension or revocation of registration~~  
904 ~~under s. 15(b)(4) of the Securities Exchange Act of 1934, 15~~  
905 ~~U.S.C. s. 78o(b)(4);~~  
906 ~~5. Is subject to a statutory disqualification described in~~  
907 ~~s. 3(a)(39) of the Securities Exchange Act of 1934, 15 U.S.C. s.~~  
908 ~~78e(a)(39);~~  
909 ~~6. Is subject to a disqualification under the United States~~



573800

910 ~~Securities and Exchange Commission Rule 506(d), 17 C.F.R. s.~~  
911 ~~230.506(d); or~~

912 ~~7. Is subject to a final order described in s. 15(b)(4)(H)~~  
913 ~~of the Securities Exchange Act of 1934, 15 U.S.C. s.~~  
914 ~~780(b)(4)(H).~~

915 Section 9. Subsection (1), paragraph (a) of subsection (2),  
916 and subsections (3) and (5) of section 517.131, Florida  
917 Statutes, are amended to read:

918 517.131 Securities Guaranty Fund.—

919 (1) As used in this section, the term:

920 (a) "Final judgment" includes an arbitration award  
921 confirmed by a court of competent jurisdiction.

922 (b) "Restitution order" means a court order awarding a  
923 specified monetary amount to a named aggrieved person for a  
924 violation of s. 517.07 or s. 517.301 to be paid by a named  
925 violator.

926 (2) (a) The Chief Financial Officer shall establish a  
927 Securities Guaranty Fund to provide monetary relief to victims  
928 of securities violations under this chapter who are entitled to  
929 monetary damages or restitution and cannot recover the full  
930 amount of such monetary damages or restitution from the  
931 wrongdoer. An amount not exceeding 20 percent of all revenues  
932 received as assessment fees pursuant to s. 517.12(10) and (11)  
933 ~~s. 517.12(9) and (10)~~ for dealers and investment advisers or s.  
934 517.1201 for federal covered advisers and an amount not  
935 exceeding 10 percent of all revenues received as assessment fees  
936 pursuant to s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ for  
937 associated persons must be part of the regular registration  
938 license fee and must be transferred to or deposited in the



573800

939 Securities Guaranty Fund.

940 (3) A person is eligible for payment from the Securities  
941 Guaranty Fund if the person:

942 (a)1. Is a judgment creditor in Holds an unsatisfied final  
943 judgment or a named beneficiary or victim in an unsatisfied  
944 restitution order entered on or after October 1, 2024, in which  
945 a wrongdoer was found to have violated s. 517.07 or s. 517.301;

946 2. Has applied any amount recovered from the judgment  
947 debtor, a person ordered to pay restitution, or any other source  
948 to the damages awarded in a final judgment or restitution order  
949 by the court or arbitrator; and

950 3. Is a natural person who was a resident of this state, or  
951 is a business entity that was domiciled in this state, at the  
952 time of the violation of s. 517.07 or s. 517.301; or

953 (b) Is a receiver appointed pursuant to s. 517.191(2) by a  
954 court of competent jurisdiction for a wrongdoer ordered to pay  
955 restitution under s. 517.191(3) as a result of a violation of s.  
956 517.07 or s. 517.301 which has requested payment from the  
957 Securities Guaranty Fund on behalf of a person eligible for  
958 payment under paragraph (a).

959  
960 If a person holds an unsatisfied final judgment or restitution  
961 order entered before October 1, 2024, in which a wrongdoer was  
962 found to have violated s. 517.07 or s. 517.301, such person's  
963 claim for payment from the Securities Guaranty Fund shall be  
964 governed by the terms of this section and s. 517.141 which were  
965 effective on the date of such final judgment or restitution  
966 order.

967 (5) An eligible person, or a receiver on behalf of the





573800

968 eligible person, seeking payment from the Securities Guaranty  
969 Fund must file with the office a written application on a form  
970 that the commission may prescribe by rule. The commission may  
971 adopt by rule procedures for filing documents by electronic  
972 means, provided that such procedures provide the office with the  
973 information and data required by this section. The application  
974 must be filed with the office within 1 year after the date of  
975 the final judgment, the date on which a restitution order has  
976 been ripe for execution, or the date of any appellate decision  
977 thereon, and, at minimum, must contain all of the following  
978 information:

979 (a) The eligible person's and, if applicable, the  
980 receiver's full names, addresses, and contact information.

981 (b) The name of the judgment debtor or person ordered to  
982 pay restitution.

983 (c) If the eligible person is a business entity, the  
984 eligible person's type and place of organization and, as  
985 applicable, a copy, as amended, of its articles of  
986 incorporation, articles of organization, trust agreement, or  
987 partnership agreement.

988 (d) A copy of any final judgment or ~~and a copy thereof.~~

989 ~~(e) Any restitution order pursuant to s. 517.191(3), and a~~  
990 ~~copy thereof.~~

991 (e)-(f) An affidavit from the eligible person stating either  
992 one of the following:

993 1. That the eligible person has made all reasonable  
994 searches and inquiries to ascertain whether the judgment debtor  
995 or person ordered to pay restitution possesses real or personal  
996 property or other assets subject to being sold or applied in



573800

997 satisfaction of the final judgment or restitution order and, by  
998 the eligible person's search, that the eligible person has not  
999 discovered any property or assets.

1000 2. That the eligible person has taken necessary action on  
1001 the property and assets of the wrongdoers but the final judgment  
1002 or restitution order remains unsatisfied.

1003 ~~(f)-(g)~~ If the application is filed by the receiver, an  
1004 affidavit from the receiver stating the amount of restitution  
1005 owed to the eligible person on whose behalf the claim is filed;  
1006 the amount of any money, property, or assets paid to the  
1007 eligible person on whose behalf the claim is filed by the person  
1008 over whom the receiver is appointed; and the amount of any  
1009 unsatisfied portion of any eligible person's restitution order  
1010 ~~of restitution.~~

1011 ~~(g)-(h)~~ The eligible person's residence or domicile at the  
1012 time of the violation of s. 517.07 or s. 517.301 which resulted  
1013 in the eligible person's monetary damages.

1014 ~~(h)-(i)~~ The amount of any unsatisfied portion of the  
1015 eligible person's final judgment or restitution order.

1016 ~~(i)-(j)~~ Whether an appeal ~~or motion to vacate an arbitration~~  
1017 ~~award~~ has been filed.

1018 Section 10. Subsection (3) of section 517.301, Florida  
1019 Statutes, is amended to read:

1020 517.301 Fraudulent transactions; falsification or  
1021 concealment of facts.-

1022 (3) It is unlawful for a person in issuing or selling a  
1023 security within this state, including a security exempted under  
1024 s. 517.051 and including a transaction exempted under s.  
1025 517.061, s. 517.0611, or s. 517.0612, to misrepresent that such



573800

1026 security or person ~~business entity~~ has been guaranteed,  
1027 sponsored, recommended, or approved by the state or an agency or  
1028 officer of the state or by the United States or an agency or  
1029 officer of the United States.

1030 Section 11. Subsection (4) of section 517.34, Florida  
1031 Statutes, is amended to read:

1032 517.34 Protection of specified adults.-

1033 (4) A delay on a disbursement or transaction under  
1034 subsection (3) expires 15 business days after the date on which  
1035 the delay was first placed. However, the dealer or investment  
1036 adviser may extend the delay for up to 30 ~~10~~ additional business  
1037 days if the dealer's or investment adviser's review of the  
1038 available facts and circumstances continues to support such  
1039 dealer's or investment adviser's reasonable belief that  
1040 financial exploitation of the specified adult has occurred, is  
1041 occurring, has been attempted, or will be attempted. A dealer or  
1042 investment adviser that extends a delay must notify the office  
1043 on a form prescribed by commission rule not later than 3  
1044 business days after the date on which the extension was applied.  
1045 The notice must identify the dealer or investment adviser that  
1046 extended the delay and the date on which the delay was  
1047 originally made. The length of the delay may be shortened or  
1048 extended at any time by a court of competent jurisdiction. This  
1049 subsection does not prevent a dealer or investment adviser from  
1050 terminating a delay after communication with the parties  
1051 authorized to transact business on the account and any trusted  
1052 contact on the account.

1053 Section 12. Subsection (1) of section 517.211, Florida  
1054 Statutes, is amended to read:



573800

1055           517.211 Private remedies available in cases of unlawful  
1056 sale.—  
1057           (1) Every sale made in violation of either s. 517.07 or s.  
1058 517.12(1), (3), (4), (9), (11), (13), (16), or (18) ~~s.~~  
1059 ~~517.12(1), (3), (4), (8), (10), (12), (15), or (17)~~ may be  
1060 rescinded at the election of the purchaser; however, a sale made  
1061 in violation of the provisions of s. 517.1202(3) relating to a  
1062 renewal of a branch office notification or in violation of the  
1063 provisions of s. 517.12(13) ~~s. 517.12(12)~~ relating to filing a  
1064 change of address amendment is not subject to this section. Each  
1065 person making the sale and every director, officer, partner, or  
1066 agent of or for the seller, if the director, officer, partner,  
1067 or agent has personally participated or aided in making the  
1068 sale, is jointly and severally liable to the purchaser in an  
1069 action for rescission, if the purchaser still owns the security,  
1070 or for damages, if the purchaser has sold the security. No  
1071 purchaser otherwise entitled will have the benefit of this  
1072 subsection who has refused or failed, within 30 days after  
1073 receipt, to accept an offer made in writing by the seller, if  
1074 the purchaser has not sold the security, to take back the  
1075 security in question and to refund the full amount paid by the  
1076 purchaser or, if the purchaser has sold the security, to pay the  
1077 purchaser an amount equal to the difference between the amount  
1078 paid for the security and the amount received by the purchaser  
1079 on the sale of the security, together, in either case, with  
1080 interest on the full amount paid for the security by the  
1081 purchaser at the legal rate, pursuant to s. 55.03, for the  
1082 period from the date of payment by the purchaser to the date of  
1083 repayment, less the amount of any income received by the



1084 purchaser on the security.

1085 Section 13. Subsection (2) of section 517.315, Florida  
1086 Statutes, is amended to read:

1087 517.315 Fees.—All fees of any nature collected by the  
1088 office pursuant to this chapter shall be disbursed as follows:

1089 (2) After the transfer required in subsection (1), the  
1090 office shall transfer the \$50 assessment fee collected from each  
1091 associated person under s. 517.12(10) and (11) ~~s. 517.12(9) and~~  
1092 ~~(10)~~ and 30.44 percent of the \$100 assessment fee paid by  
1093 dealers and investment advisers for each office in the state  
1094 under s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ to the  
1095 Regulatory Trust Fund.

1096 Section 14. This act shall take effect upon becoming a law.

1097  
1098 ===== T I T L E A M E N D M E N T =====

1099 And the title is amended as follows:

1100 Delete everything before the enacting clause  
1101 and insert:

1102 A bill to be entitled  
1103 An act relating to securities; amending s. 517.021,  
1104 F.S.; providing and revising definitions; amending s.  
1105 517.061, F.S.; revising the circumstances under which  
1106 securities transactions are exempt from registration  
1107 requirements; conforming cross-references; amending s.  
1108 517.0612, F.S.; revising the filing requirements for  
1109 securities issuers under the Florida Invest Local  
1110 Exemption law; amending s. 517.0614, F.S.; revising  
1111 circumstances under which securities offers and sales  
1112 are not subject to integration with other offerings;



1113 amending s. 517.0616, F.S.; revising the registration  
1114 exemptions that are available to specified issuers  
1115 under certain circumstances; providing applicability  
1116 of certain disqualification provisions under a  
1117 specified Securities and Exchange Commission rule;  
1118 amending s. 517.075, F.S.; making a technical change;  
1119 amending s. 517.081, F.S.; revising the requirements  
1120 for securities registration applications; amending s.  
1121 517.12, F.S.; revising the list of persons who must  
1122 submit fingerprints for live-scan processing for  
1123 registration applications; providing fees for  
1124 fingerprint processing; defining the term "owner";  
1125 authorizing the Financial Services Commission to  
1126 consider certain rules and regulations in waiving the  
1127 fingerprint requirement; providing and revising  
1128 definitions; revising the written assurances  
1129 requirements that merger and acquisition brokers must  
1130 receive from certain control persons under specified  
1131 circumstances; revising the circumstances under which  
1132 merger and acquisition brokers are not exempt from  
1133 specified securities registration; conforming cross-  
1134 references; amending s. 517.131, F.S.; defining the  
1135 term "restitution order"; revising the circumstances  
1136 under which a person is eligible for payment from the  
1137 Securities Guaranty Fund; revising the requirements  
1138 for applications for payment from the fund; conforming  
1139 cross-references; amending s. 517.301, F.S.;  
1140 specifying a prohibition against certain  
1141 misrepresentations in a person issuing and selling



573800

1142 securities; amending s. 517.34, F.S.; revising the  
1143 maximum number of days by which a dealer or investment  
1144 adviser may extend a delay on a disbursement or  
1145 transaction; amending ss. 517.211 and 517.315, F.S.;  
1146 conforming cross-references; providing an effective  
1147 date.

By Senator Truenow

13-01002-25

2025988\_\_

1 A bill to be entitled  
 2 An act relating to securities; amending s. 517.021,  
 3 F.S.; providing and revising definitions; amending s.  
 4 517.061, F.S.; revising the circumstances under which  
 5 securities transactions are exempt from registration  
 6 requirements; conforming cross-references; amending s.  
 7 517.0612, F.S.; revising the filing requirements for  
 8 securities issuers under the Florida Invest Local  
 9 Exemption law; amending s. 517.0614, F.S.; revising  
 10 circumstances under which securities offers and sales  
 11 are not subject to integration with other offerings;  
 12 amending s. 517.0616, F.S.; revising the registration  
 13 exemptions that are available to specified issuers  
 14 under certain circumstances; providing applicability  
 15 of certain disqualification provisions under a  
 16 specified Securities and Exchange Commission rule;  
 17 amending s. 517.075, F.S.; making a technical change;  
 18 amending s. 517.081, F.S.; revising the requirements  
 19 for securities registration applications; amending s.  
 20 517.12, F.S.; revising the list of persons who must  
 21 submit fingerprints for live-scan processing for  
 22 registration applications; providing fees for  
 23 fingerprint processing; providing and revising  
 24 definitions; revising the written assurances  
 25 requirements that merger and acquisition brokers must  
 26 receive from certain control persons under specified  
 27 circumstances; revising the circumstances under which  
 28 merger and acquisition brokers are not exempt from  
 29 specified securities registration; conforming cross-

Page 1 of 39

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25

2025988\_\_

30 references; amending s. 517.131, F.S.; defining the  
 31 term "restitution order; revising the circumstances  
 32 under which a person is eligible for payment from the  
 33 Securities Guaranty Fund; revising the requirements  
 34 for applications for payment from the fund; conforming  
 35 cross-references; amending s. 517.301, F.S.;  
 36 specifying a prohibition against certain  
 37 misrepresentations in issuing and selling securities;  
 38 amending ss. 517.211 and 517.315, F.S.; conforming  
 39 cross-references; providing an effective date.

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

42  
 43 Section 1. Present subsections (6) through (9), (10), (11)  
 44 through (17), (18) through (25), (26), and (27) of section  
 45 517.021, Florida Statutes, are redesignated as subsections (7)  
 46 through (10), (12), (14) through (20), (23) through (30), (32),  
 47 and (33), respectively, new subsections (6), (11), (13), (21),  
 48 (22), and (31) are added to that section, and present  
 49 subsections (11) and (15) of that section are amended, to read:

50 517.021 Definitions.—When used in this chapter, unless the  
 51 context otherwise indicates, the following terms have the  
 52 following respective meanings:

53 (6) "Branch manager" means a natural person who administers  
 54 or supervises the affairs or operations of a branch office.

55 (11) "Corporation" has the same meaning as "corporation" or  
 56 "domestic corporation" in s. 607.01401 or "foreign corporation"  
 57 in s. 607.01401.

58 (13) "Director" means a person appointed or elected to sit

Page 2 of 39

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



13-01002-25 2025988\_\_

59 on a board that manages the affairs of a corporation or other  
60 organization by electing or exercising control over its  
61 officers.

62 ~~(14)(11)~~ "Federal covered adviser" means a person that is  
63 registered or required to be registered under s. 203 of the  
64 Investment Advisers Act of 1940, as amended. The term does not  
65 include any person that is excluded from the definition of  
66 investment adviser under subparagraphs (19)(b)1.-7. ~~(16)(b)1.-7.~~  
67 and 9.

68 ~~(18)(15)~~ "Intermediary" means a natural person that  
69 residing in this state or a corporation, trust, partnership,  
70 limited liability company, association, or other legal entity  
71 registered with the Secretary of State to do business in this  
72 state, which facilitates through its website the offer or sale  
73 of securities of an issuer with a principal place of business in  
74 this state.

75 (21) "Limited liability company" has the same meaning as  
76 "limited liability company" or "foreign limited liability  
77 company," as those terms are defined in s. 605.0102.

78 (22) "Limited liability company manager" or "limited  
79 liability managing member" means a person who is responsible  
80 alone or in concert with others for performing the management  
81 functions of a limited liability company.

82 (31) "Trust" has the same meaning as in s. 731.201.

83 Section 2. Subsections (7) and (9), paragraph (f) of  
84 subsection (11), and subsections (18), (19), and (20) of section  
85 517.061, Florida Statutes, are amended to read:

86 517.061 Exempt transactions.—Except as otherwise provided  
87 in subsection (11), the exemptions provided herein from the

13-01002-25 2025988\_\_

88 registration requirements of s. 517.07 are self-executing and do  
89 not require any filing with the office before being claimed. Any  
90 person who claims entitlement to an exemption under this section  
91 bears the burden of proving such entitlement in any proceeding  
92 brought under this chapter. The registration provisions of s.  
93 517.07 do not apply to any of the following transactions;  
94 however, such transactions are subject to s. 517.301:

95 (7) The offer or sale of securities, solely in connection  
96 with the transfer of ownership of an eligible privately held  
97 company, through a merger and acquisition broker in accordance  
98 with s. 517.12(22) ~~s. 517.12(21)~~.

99 (9) The offer or sale of securities to:

100 (a) A bank, trust company, savings institution, insurance  
101 company, dealer, investment company as defined in the Investment  
102 Company Act of 1940, 15 U.S.C. s. 80a-3, as amended, pension or  
103 profit-sharing trust, or qualified institutional buyer, whether  
104 any of such entities is acting in its individual or fiduciary  
105 capacity.

106 (b) A savings and loan association, building and loan  
107 association, cooperative bank, homestead association, or credit  
108 union, which is supervised and examined by a state or federal  
109 authority having supervision over any such institution.

110 (c) A federal covered adviser, investment adviser  
111 registered pursuant to the laws of a state, exempt reporting  
112 adviser or private fund adviser as those terms are defined in s.  
113 517.12(23)(a)2. and 3., respectively, investment adviser relying  
114 on the exemption from registering with the Securities and  
115 Exchange Commission under s. 203(l) or (m) of the Investment  
116 Advisers Act of 1940, as amended, business development company

13-01002-25 2025988\_\_

117 as defined in s. 2(a)(48) of the Investment Company Act of 1940,  
 118 as amended, or business development company as defined in s.  
 119 202(a)(22) of the Investment Advisers Act of 1940, as amended.

120 (d) A small business investment company licensed by the  
 121 Small Business Administration under s. 301(c) of the Small  
 122 Business Investment Act of 1958, as amended, or rural business  
 123 investment company as defined in s. 384A of the Consolidated  
 124 Farm and Rural Development Act.

125 (e) A plan established and maintained by a state, a  
 126 political subdivision thereof, or any agency or instrumentality  
 127 of a state or a political subdivision, for the benefit of its  
 128 employees, if such plan has total assets in excess of \$5  
 129 million, an employee benefit plan within the meaning of the  
 130 Employee Retirement Income Security Act of 1974 if the  
 131 investment decision is made by a plan fiduciary, as described in  
 132 s. 3(21) of such act, which is a bank, savings and loan  
 133 association, insurance company, or federal covered adviser, or  
 134 if the employee benefit plan has total assets in excess of \$5  
 135 million or, if a self-directed plan, with investment decisions  
 136 made solely by persons that are accredited investors.

137 (f) An organization described in s. 501(c)(3) of the  
 138 Internal Revenue Code, corporation, Massachusetts trust or  
 139 similar business trust, partnership, or limited liability  
 140 company, not formed for the specific purpose of acquiring the  
 141 securities offered, with total assets in excess of \$5 million.

142 (g) A trust, with total assets in excess of \$5 million, not  
 143 formed for the specific purpose of acquiring the securities  
 144 offered, whose purchase is directed by a sophisticated person as  
 145 described in Securities and Exchange Commission Rule

13-01002-25 2025988\_\_

146 506(b)(2)(ii), 17 C.F.R. s. 230.506(b)(2)(ii), as amended.

147 (h) An entity of a type not listed in paragraphs (a)-(g) or  
 148 paragraph (j) which owns investments as defined in Securities  
 149 and Exchange Commission Rule 2a51-1(b), 17 C.F.R. s. 270.2a51-  
 150 1(b), as amended, in excess of \$5 million and is not formed for  
 151 the specific purpose of acquiring the securities offered.

152 (i) A family office as defined in Securities and Exchange  
 153 Commission Rule 202(a)(11)(G)-1 under the Investment Advisers  
 154 Act of 1940, 17 C.F.R. s. 275.202(a)(11)(G)-1, as amended,  
 155 provided that:

156 1. The family office has assets under management in excess  
 157 of \$5 million;

158 2. The family office is not formed for the specific purpose  
 159 of acquiring the securities offered; and

160 3. The prospective investment of the family office is  
 161 directed by a person who has knowledge and experience in  
 162 financial and business matters that the family office is capable  
 163 of evaluating the merits and risks of the prospective  
 164 investment.

165 (j) An entity in which all of the equity owners are  
 166 described in paragraphs (a)-(i).

167 (11) Offers or sales of securities by an issuer in a  
 168 transaction that meets all of the following conditions:

169 (f) The issuer files with the office a notice of  
 170 transaction on a form prescribed by commission rule, an  
 171 irrevocable written,~~a~~ consent to service of civil process  
 172 similar to that provided in s. 517.101, and a copy of the  
 173 general announcement within 15 days after the first sale is made  
 174 in this state. The commission may adopt by rule procedures for

13-01002-25 2025988\_\_

175 filing documents by electronic means.

176 (18) Any nonissuer transaction by a registered dealer, and  
 177 any resale transaction by a sponsor of a unit investment trust  
 178 registered under the Investment Company Act of 1940, as amended,  
 179 in a security of a class that has been outstanding in the hands  
 180 of the public for at least 90 days; provided that, at the time  
 181 of the transaction, the following conditions in paragraphs (a),  
 182 (b), and (c) and either paragraph (d) or paragraph (e) are met:

183 (a) The issuer of the security is actually engaged in  
 184 business and is not in the organizational stage or in bankruptcy  
 185 or receivership and is not a blank check, blind pool, or shell  
 186 company whose primary plan of business is to engage in a merger  
 187 or combination of the business with, or an acquisition of, an  
 188 unidentified person.

189 (b) The security is sold at a price reasonably related to  
 190 the current market price of the security.

191 (c) The security does not constitute the whole or part of  
 192 an unsold allotment to, or a subscription or participation by,  
 193 the dealer as an underwriter of the security.

194 (d) The security is listed in a nationally recognized  
 195 securities manual designated by rule of the commission or a  
 196 document filed with and publicly viewable through the Securities  
 197 and Exchange Commission electronic data gathering and retrieval  
 198 system and contains:

199 1. A description of the business and operations of the  
 200 issuer.~~†~~

201 2. The names of the issuer's officers and directors, if  
 202 any, or, in the case of an issuer not domiciled in the United  
 203 States, the corporate equivalents of such persons in the

13-01002-25 2025988\_\_

204 issuer's country of domicile.~~†~~

205 3. An audited balance sheet of the issuer as of a date  
 206 within 18 months before such transaction or, in the case of a  
 207 reorganization or merger in which parties to the reorganization  
 208 or merger had such audited balance sheet, a pro forma balance  
 209 sheet.~~† and~~

210 4. An audited income statement for each of the issuer's  
 211 immediately preceding 2 fiscal years, or for the period of  
 212 existence of the issuer, if in existence for less than 2 years  
 213 or, in the case of a reorganization or merger in which the  
 214 parties to the reorganization or merger had such audited income  
 215 statement, a pro forma income statement.

216 (e)1. The issuer of the security has a class of equity  
 217 securities listed on a national securities exchange registered  
 218 under the Securities Exchange Act of 1934, as amended;

219 2. The class of security is quoted, offered, purchased, or  
 220 sold through an alternative trading system registered under  
 221 Securities and Exchange Commission Regulation ATS, 17 C.F.R. s.  
 222 242.301, as amended, and the issuer of the security has made  
 223 current information publicly available in accordance with  
 224 Securities and Exchange Commission Rule 15c2-11, 17 C.F.R. s.  
 225 240.15c2-11, as amended;

226 3. The issuer of the security is a unit investment trust  
 227 registered under the Investment Company Act of 1940, as amended;

228 4. The issuer of the security has been engaged in  
 229 continuous business, including predecessors, for at least 3  
 230 years; or

231 5. The issuer of the security has total assets of at least  
 232 \$2 million based on an audited balance sheet as of a date within

13-01002-25 2025988\_\_

233 18 months before such transaction or, in the case of a  
234 reorganization or merger in which parties to the reorganization  
235 or merger had such audited balance sheet, a pro forma balance  
236 sheet.

237 (19) The offer or sale of any security effected by or  
238 through a person in compliance with s. 517.12(17) ~~s. 517.12(16)~~.

239 (20) (a) A nonissuer transaction in an outstanding security  
240 by or through a dealer registered or exempt from registration  
241 under this chapter, if, at the time of the transaction, all of  
242 the following conditions are met true:

243 1.(a) The issuer is a reporting issuer in a foreign  
244 jurisdiction ~~designated by this subsection or by commission~~  
245 ~~rule~~, and the issuer has been subject to continuous reporting  
246 requirements in such foreign jurisdiction for not less than 180  
247 days before the transaction.

248 2.(b) The security is listed on a foreign securities  
249 exchange or foreign securities market ~~the securities exchange~~  
250 ~~designated by this subsection or~~ by commission rule, is a  
251 security of the same issuer which is of senior or substantially  
252 equal rank to the listed security, or is a warrant or right to  
253 purchase or subscribe to any such security.

254 (b) The commission shall consider all of the following in  
255 designating a foreign securities exchange or foreign securities  
256 market for purposes of this subsection:

257 1. Organization under foreign law.

258 2. Association with a generally recognized community of  
259 dealers, financial institutions, or other professional  
260 intermediaries with an established operating history.

261 3. Oversight by a governmental or self-regulatory body.

13-01002-25 2025988\_\_

262 4. Oversight standards set by general law.

263 5. Reporting of securities transactions on a regular basis  
264 to a governmental or self-regulatory body.

265 6. A system for exchange of price quotations through common  
266 communications media.

267 7. An organized clearance and settlement system.

268 8. Listing in Securities and Exchange Commission Regulation  
269 S Rule 902, 17 C.F.R. s. 230.902, as amended.

270 For purposes of this subsection, Canada, together with its  
271 provinces and territories, is designated as a foreign  
272 jurisdiction, and Toronto Stock Exchange, Inc., is designated as  
273 a securities exchange. If, after an administrative hearing in  
274 compliance with ss. 120.569 and 120.57, the office finds that  
275 revocation is necessary or appropriate in furtherance of the  
276 public interest and for the protection of investors, it may  
277 revoke the designation of a foreign securities exchange or  
278 foreign securities market ~~under this subsection~~.

280 Section 3. Subsection (10) of section 517.0612, Florida  
281 Statutes, is amended to read:

282 517.0612 Florida Invest Local Exemption.—

283 (10) The issuer must file with the office a notice of  
284 transaction on a form prescribed by commission rule, an  
285 irrevocable written consent to service of civil process similar  
286 to that provided in s. 517.101, and a copy of the disclosure  
287 statement described in subsection (8) at least the offering with  
288 the office, in writing or in electronic form, in a format  
289 prescribed by commission rule, no less than 5 business days  
290 before the offering commences, along with the disclosure

13-01002-25 2025988\_\_

291 ~~statement described in subsection (8).~~ If there are any material  
292 changes to the information previously submitted, the issuer  
293 must, within 3 business days after such material change, file an  
294 amended notice.

295 Section 4. Paragraph (b) of subsection (2) of section  
296 517.0614, Florida Statutes, is amended to read:

297 517.0614 Integration of offerings.—

298 (2) The integration analysis required by subsection (1) is  
299 not required if any of the following nonexclusive safe harbors  
300 apply:

301 (b) Offers and sales made in compliance with any of the  
302 following provisions are not subject to integration with other  
303 offerings:

304 1. Section 517.051 or s. 517.061, except s. 517.061(10) or  
305 (11) s. 517.061(9), (10), or (11).

306 2. Section 517.0611 or s. 517.0612.

307 Section 5. Section 517.0616, Florida Statutes, is amended  
308 to read:

309 517.0616 Disqualification.—

310 (1) A registration exemption under s. 517.061(11) s-  
311 517.061(9), (10), and (11), s. 517.0611, or s. 517.0612 is not  
312 available to an issuer if, at the time the issuer makes an offer  
313 for the sale of a security, the issuer; a predecessor of the  
314 issuer; an affiliated issuer; a director, executive officer, or  
315 other officer of the issuer participating in the offering; a  
316 general partner or managing member of the issuer; a beneficial  
317 owner of 20 percent or more of the issuer's outstanding voting  
318 equity securities, calculated on the basis of voting power; or a  
319 promoter connected with the issuer in any capacity at the time

13-01002-25 2025988\_\_

320 of such sale that would be disqualified under Securities and  
321 Exchange Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as  
322 amended, ~~at the time the issuer makes an offer for the sale of a~~  
323 ~~security.~~

324 (2) The disqualification under Securities and Exchange  
325 Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as amended,  
326 does not apply to any other person or entity listed in such  
327 rule.

328 Section 6. Subsection (2) of section 517.075, Florida  
329 Statutes, is amended to read:

330 517.075 Cuba, prospectus disclosure of doing business with,  
331 required.—

332 (2) Any disclosure required by subsection (1) must include:

333 (a) The name of such person, affiliate, or government with  
334 which the issuer does business and the nature of that business, ~~r~~

335 (b) A statement that the information is accurate as of the  
336 date the securities were effective with the ~~United States~~  
337 Securities and Exchange Commission or with the office, whichever  
338 date is later, ~~r and~~

339 (c) A statement that current information concerning the  
340 issuer's business dealings with the government of Cuba or with  
341 any person or affiliate located in Cuba may be obtained from the  
342 office, which statement must include the address and phone  
343 number of the office.

344 Section 7. Subsection (5) and paragraph (a) of subsection  
345 (9) of section 517.081, Florida Statutes, are amended to read:

346 517.081 Registration procedure.—

347 (5) ~~All of~~ The following issuers are not eligible to submit  
348 a simplified offering circular:

13-01002-25

2025988\_\_

349 (a) An issuer that is subject to any of the  
 350 disqualifications described in Securities and Exchange  
 351 Commission Rule 262, 17 C.F.R. s. 230.262, as amended, or that  
 352 has been or is engaged or is about to engage in an activity that  
 353 would be grounds for denial, revocation, or suspension under s.  
 354 517.111. For purposes of this paragraph, an issuer includes an  
 355 issuer's director, officer, general partner, manager or managing  
 356 member, trustee, or a person owning at least 10 percent of the  
 357 ownership interests of the issuer; a promoter or selling agent  
 358 of the securities to be offered; or any officer, director,  
 359 partner, or manager or managing member of such selling agent.

360 (b) An issuer that is a development-stage company that  
 361 either has no specific business plan or purpose or has indicated  
 362 that its business plan is to merge with an unidentified business  
 363 entity or entities.

364 (c) An issuer of offerings in which the specific business  
 365 or properties cannot be described.

366 (d) An issuer that the office determines is ineligible  
 367 because the simplified circular does not provide full and fair  
 368 disclosure of material information for the type of offering to  
 369 be registered by the issuer.

370 (9) (a) The office shall record the registration of a  
 371 security in the register of securities if, upon examination of  
 372 an application, it finds that all of the following requirements  
 373 are met:

- 374 1. The application is complete.
- 375 2. The fee imposed in subsection (8) has been paid.
- 376 3. The sale of the security would not be fraudulent and  
 377 would not work or tend to work a fraud upon the purchaser.

Page 13 of 39

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25

2025988\_\_

378 4. The terms of the sale of such securities would be fair,  
 379 just, and equitable.

380 ~~5. The enterprise or business of the issuer is not based  
 381 upon unsound business principles.~~

382 Section 8. Present subsections (7) through (22) of section  
 383 517.12, Florida Statutes, are redesignated as subsections (8)  
 384 through (23), respectively, a new subsection (7) is added to  
 385 that section, and subsection (6), present subsection (10),  
 386 paragraph (b) of present subsection (14), and present  
 387 subsections (19), (20), and (21) of that section are amended, to  
 388 read:

389 517.12 Registration of dealers, associated persons,  
 390 intermediaries, and investment advisers.-

391 (6) The application must also contain such information as  
 392 the commission or office may require about the applicant; any  
 393 member, principal, or director of the applicant or any person  
 394 having a similar status or performing similar functions; any  
 395 person directly or indirectly controlling the applicant; or any  
 396 employee of a dealer or of an investment adviser rendering  
 397 investment advisory services. ~~Each applicant and any direct  
 398 owners, principals, or indirect owners that are required to be  
 399 reported on Form BD or Form ADV pursuant to subsection (14)  
 400 shall submit fingerprints for live-scan processing in accordance  
 401 with rules adopted by the commission. The fingerprints may be  
 402 submitted through a third-party vendor authorized by the  
 403 Department of Law Enforcement to provide live-scan  
 404 fingerprinting. The costs of fingerprint processing shall be  
 405 borne by the person subject to the background check. The  
 406 Department of Law Enforcement shall conduct a state criminal~~

Page 14 of 39

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25 2025988\_\_

407 ~~history background check, and a federal criminal history~~  
 408 ~~background check must be conducted through the Federal Bureau of~~  
 409 ~~Investigation. The office shall review the results of the state~~  
 410 ~~and federal criminal history background checks and determine~~  
 411 ~~whether the applicant meets licensure requirements. The~~  
 412 ~~commission may waive, by rule, the requirement that applicants,~~  
 413 ~~including any direct owners, principals, or indirect owners that~~  
 414 ~~are required to be reported on Form BD or Form ADV pursuant to~~  
 415 ~~subsection (14), submit fingerprints or the requirement that~~  
 416 ~~such fingerprints be processed by the Department of Law~~  
 417 ~~Enforcement or the Federal Bureau of Investigation. The~~  
 418 ~~commission or office may require information about any such~~  
 419 ~~applicant or person concerning such matters as:~~

420 (a) The applicant's or person's full name, and any other  
 421 names by which the applicant or person may have been known, and  
 422 the applicant's or person's age, social security number,  
 423 photograph, qualifications, and educational and business  
 424 history.

425 (b) Any injunction or administrative order by a state or  
 426 federal agency, national securities exchange, or national  
 427 securities association involving a security or any aspect of a  
 428 dealer's or investment adviser's regulated business and any  
 429 injunction or administrative order by a state or federal agency  
 430 regulating banking, insurance, finance, or small loan companies,  
 431 real estate, mortgage brokers, or other related or similar  
 432 industries, which injunctions or administrative orders relate to  
 433 such person.

434 (c) The applicant's or person's conviction of, or plea of  
 435 nolo contendere to, a criminal offense or the applicant's or

Page 15 of 39

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25 2025988\_\_

436 person's commission of any acts which would be grounds for  
 437 refusal of an application under s. 517.161.

438 (d) The names and addresses of other persons of whom the  
 439 office may inquire as to the applicant's or person's character,  
 440 reputation, and financial responsibility.

441 (7)(a)1. The following persons must submit a full set of  
 442 fingerprints to the Department of Law Enforcement or to a  
 443 vendor, entity, or agency authorized under s. 943.053(13) for  
 444 live-scan processing in accordance with rules adopted by the  
 445 commission.

446 a. A natural person filing with the office an application  
 447 for registration as an associated person.

448 b. A natural person who holds the title of president,  
 449 treasurer, chief executive officer, chief financial officer,  
 450 chief operations officer, chief legal officer, or chief  
 451 compliance officer for a dealer or investment adviser applicant.

452 c. A natural person who is a director of a dealer or  
 453 investment adviser applicant.

454 d. A natural person who is a trustee of a trust that owns 5  
 455 percent or more of a class of a voting security of a dealer or  
 456 investment adviser applicant, or that has the right to receive  
 457 upon dissolution, or has contributed, 5 percent or more of the  
 458 capital of a dealer or investment adviser applicant.

459 e. A natural person who is a direct owner of a dealer or  
 460 investment adviser applicant.

461 f. Each natural person who is a shareholder of a  
 462 corporation that is a direct owner of a dealer or investment  
 463 adviser applicant who beneficially owns, has the right to vote,  
 464 or has the power to sell or direct the sale of, 25 percent or

Page 16 of 39

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25 2025988\_\_

465 more of a class of a voting security of such corporation. For  
 466 purposes of this sub-subparagraph, a shareholder beneficially  
 467 owns any securities:

468 (I) Owned by the shareholder's child, stepchild,  
 469 grandchild, parent, stepparent, grandparent, spouse, sibling,  
 470 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
 471 brother-in-law, or sister-in-law sharing the same residence; or  
 472 (II) That the shareholder has the right to acquire, within  
 473 60 days, through the exercise of any option, warrant, or right  
 474 to purchase the securities.

475 g. Each natural person who is a general partner of, and  
 476 each natural person who is a limited partner or special partner  
 477 of, a partnership that is a direct owner of a dealer or  
 478 investment adviser applicant who has the right to receive upon  
 479 dissolution, or has contributed, 25 percent or more of such  
 480 partnership's capital.

481 h. Each natural person who is a member of a limited  
 482 liability company that is a direct owner of a dealer or  
 483 investment adviser applicant who has the right to receive upon  
 484 dissolution, or has contributed, 25 percent or more of such  
 485 limited liability company's capital, and, if such limited  
 486 liability company is managed by elected managers, each elected  
 487 manager.

488 2. For purposes of this paragraph, the term "direct owner"  
 489 means:

490 a. A shareholder who owns 5 percent or more of a class of  
 491 voting securities of a dealer or investment adviser applicant,  
 492 and includes any person who owns, beneficially owns, has the  
 493 right to vote, or has the power to sell or direct the sale of, 5

13-01002-25 2025988\_\_

494 percent or more of a class of a voting security of the dealer or  
 495 investment adviser applicant. For purposes of this sub-  
 496 paragraph, a person beneficially owns any securities:

497 (I) Owned by the shareholder's child, stepchild,  
 498 grandchild, parent, stepparent, grandparent, spouse, sibling,  
 499 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
 500 brother-in-law, or sister-in-law sharing the same residence; or  
 501 (II) That the shareholder has the right to acquire, within  
 502 60 days, through the exercise of any option, warrant, or right  
 503 to purchase the securities.

504 b. Each general partner and each limited partner or special  
 505 partner of a dealer or investment adviser applicant who has the  
 506 right to receive upon dissolution, or has contributed, 5 percent  
 507 or more of the capital of a dealer or investment adviser  
 508 applicant.

509 c. A member who has the right to receive upon dissolution,  
 510 or has contributed, 5 percent or more of the capital of a dealer  
 511 or investment adviser applicant, and all elected managers of a  
 512 dealer or investment adviser applicant.

513 (b) A vendor, entity, or agency authorized under s.  
 514 943.053(13) to submit fingerprints electronically to the  
 515 Department of Law Enforcement shall submit the fingerprints to  
 516 the department for state processing, and the department shall  
 517 forward the fingerprints to the Federal Bureau of Investigation  
 518 for national processing.

519 (c) Fees for state and federal fingerprint processing shall  
 520 be borne by the person subject to the criminal history record  
 521 check. The state cost for fingerprint processing shall be as  
 522 provided in s. 943.053(3)(e).



13-01002-25

2025988\_\_

523 (d) The office shall review the results of the state and  
 524 federal criminal history record checks and determine whether the  
 525 applicant is disqualified from registration. The commission may  
 526 waive by rule the requirement that the persons listed in this  
 527 subsection submit fingerprints or the requirement that such  
 528 fingerprints be processed by the Department of Law Enforcement  
 529 or the Federal Bureau of Investigation.

530 (11) (a) ~~(10) (a)~~ If the office finds that the applicant has  
 531 complied with the applicable registration provisions of this  
 532 chapter and the rules made pursuant hereto, it shall register  
 533 the applicant unless the applicant is otherwise disqualified for  
 534 registration pursuant to law. The registration of each dealer,  
 535 investment adviser, and associated person expires on December 31  
 536 of the year the registration became effective unless the  
 537 registrant has renewed its registration on or before that date.  
 538 Registration may be renewed by furnishing such information as  
 539 the commission may require, together with payment of the fee  
 540 required in paragraph (10) (a) ~~(9) (a)~~ for dealers, investment  
 541 advisers, or associated persons and the payment of any amount  
 542 lawfully due and owing to the office pursuant to any order of  
 543 the office or pursuant to any agreement with the office. Any  
 544 dealer, investment adviser, or associated person who has not  
 545 renewed a registration by the time the current registration  
 546 expires may request reinstatement of such registration by filing  
 547 with the office, on or before January 31 of the year following  
 548 the year of expiration, such information as may be required by  
 549 the commission, together with payment of the fee required in  
 550 paragraph (10) (a) ~~(9) (a)~~ for dealers, investment advisers, or  
 551 associated persons and a late fee equal to the amount of such

Page 19 of 39

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25

2025988\_\_

552 fee. Any reinstatement of registration granted by the office  
 553 during the month of January shall be deemed effective  
 554 retroactive to January 1 of that year.

555 (b) The office shall waive the \$50 assessment fee for an  
 556 associated person required by paragraph (10) (a) ~~(9) (a)~~ for a  
 557 registrant renewing his or her registration who:

- 558 1. Is an active duty member of the United States Armed  
 559 Forces or the spouse of such member;
- 560 2. Is or was a member of the United States Armed Forces and  
 561 served on active duty within the 2 years preceding the  
 562 expiration date of the registration pursuant to paragraph (a).  
 563 To qualify for the fee waiver, a registrant who is a former  
 564 member of the United States Armed Forces who served on active  
 565 duty within the 2 years preceding the expiration date of the  
 566 registration must have received an honorable discharge upon  
 567 separation or discharge from the United States Armed Forces; or
- 568 3. Is the surviving spouse of a member of the United States  
 569 Armed Forces if the member was serving on active duty at the  
 570 time of death and died within the 2 years preceding the  
 571 surviving spouse's registration expiration date pursuant to  
 572 paragraph (a).

573  
 574 A registrant seeking such fee waiver must submit proof, in a  
 575 form prescribed by commission rule, that the registrant meets  
 576 one of the qualifications in this paragraph.

577 (15) ~~(14)~~

578 (b) In lieu of filing with the office the applications  
 579 specified in subsection (5), the fees required by subsection  
 580 (10) ~~(9)~~, the renewals required by subsection (11) ~~(10)~~, and the

Page 20 of 39

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

13-01002-25 2025988\_\_

581 termination notices required by subsection (12) ~~(11)~~, the  
 582 commission may by rule establish procedures for the deposit of  
 583 such fees and documents with the Central Registration Depository  
 584 or the Investment Adviser Registration Depository of the  
 585 Financial Industry Regulatory Authority, as developed under  
 586 contract with the North American Securities Administrators  
 587 Association, Inc.

588 ~~(20)(19)~~ An intermediary may not engage in business in this  
 589 state unless the intermediary is registered as a dealer or as an  
 590 intermediary with the office pursuant to this section to  
 591 facilitate the offer or sale of securities in accordance with s.  
 592 517.0611. An intermediary, in order to obtain registration, must  
 593 file with the office a written application on a form prescribed  
 594 by commission rule and pay a registration fee of \$200. The fees  
 595 under this subsection shall be deposited into the Regulatory  
 596 Trust Fund of the office. The commission may establish by rule  
 597 procedures for depositing fees and filing documents by  
 598 electronic means if such procedures provide the office with the  
 599 information and data required by this section. Each intermediary  
 600 must also file an irrevocable written consent to service of  
 601 civil process, as provided in s. 517.101.

602 (a) The application must contain such information as the  
 603 commission or office may require concerning:

- 604 1. The name of the applicant and address of its principal  
 605 office and each office in this state.
- 606 2. The applicant's form and place of organization; and, if  
 607 the applicant is:
  - 608 a. A corporation, a copy of its articles of incorporation  
 609 and amendments to the articles of incorporation;

13-01002-25 2025988\_\_

610 b. A limited liability company, a copy of its articles of  
 611 organization and amendments to the articles and a copy of the  
 612 company's operating agreement as may be amended; or

613 c. A partnership, a copy of the partnership agreement.

614 3. The website address where securities of the issuer will  
 615 be offered.

616 4. Contact information.

617 (b) The application must also contain such information as  
 618 the commission may require by rule about the applicant; any  
 619 member, principal, or director of the applicant or any person  
 620 having a similar status or performing similar functions; or any  
 621 persons directly or indirectly controlling the applicant. ~~Each~~  
 622 ~~applicant and any direct owners, principals, or indirect owners~~  
 623 ~~that are required to be reported on a form adopted by commission~~  
 624 ~~rule shall submit fingerprints for live-scan processing in~~  
 625 ~~accordance with rules adopted by the commission. The~~  
 626 ~~fingerprints may be submitted through a third-party vendor~~  
 627 ~~authorized by the Department of Law Enforcement to provide live-~~  
 628 ~~scan fingerprinting. The costs of fingerprint processing shall~~  
 629 ~~be borne by the person subject to the background check. The~~  
 630 ~~Department of Law Enforcement shall conduct a state criminal~~  
 631 ~~history background check, and a federal criminal history~~  
 632 ~~background check must be conducted through the Federal Bureau of~~  
 633 ~~Investigation. The office shall review the results of the state~~  
 634 ~~and federal criminal history background checks and determine~~  
 635 ~~whether the applicant meets registration requirements. The~~  
 636 ~~commission may waive, by rule, the requirement that applicants,~~  
 637 ~~including any direct owners, principals, or indirect owners,~~  
 638 ~~which are required to be reported on a form adopted by~~

13-01002-25 2025988\_\_

639 ~~commission rule, submit fingerprints or the requirement that~~  
 640 ~~such fingerprints be processed by the Department of Law~~  
 641 ~~Enforcement or the Federal Bureau of Investigation. The~~  
 642 commission, by rule, or the office may require information about  
 643 any applicant or person, including:

644 1. The applicant's or person's full name and any other  
 645 names by which the applicant or person may have been known and  
 646 the applicant's or person's age, social security number,  
 647 photograph, qualifications, and educational and business  
 648 history.

649 2. Any injunction or administrative order by a state or  
 650 federal agency, national securities exchange, or national  
 651 securities association involving a security or any aspect of an  
 652 intermediary's regulated business and any injunction or  
 653 administrative order by a state or federal agency regulating  
 654 banking, insurance, finance, real estate, mortgage brokers, or  
 655 other related or similar industries, which relate to such  
 656 person.

657 3. The applicant's or person's conviction of, or plea of  
 658 nolo contendere to, a criminal offense or the applicant's or  
 659 person's commission of any acts that would be grounds for  
 660 refusal of an application under s. 517.161.

661 (c)1. The following natural persons must submit a full set  
 662 of fingerprints to the Department of Law Enforcement or to a  
 663 vendor, entity, or agency authorized under s. 943.053(13) for  
 664 live-scan processing in accordance with rules adopted by the  
 665 commission:

666 a. A person filing with the office an application for  
 667 registration as an intermediary.

13-01002-25 2025988\_\_

668 b. A person who holds the title of president, treasurer,  
 669 chief executive officer, chief financial officer, chief  
 670 operations officer, chief legal officer, or chief compliance  
 671 officer for an intermediary applicant.

672 c. A person who is a member of the intermediary applicant's  
 673 board of directors.

674 d. A person who is a trustee of a trust that owns 5 percent  
 675 or more of a class of a voting security of the intermediary  
 676 applicant, or that has the right to receive upon dissolution, or  
 677 has contributed, 5 percent or more of the intermediary  
 678 applicant's capital.

679 e. A person who is a direct owner of an intermediary  
 680 applicant.

681 f. Each person who is a shareholder of a corporation that  
 682 is a direct owner of an intermediary applicant who beneficially  
 683 owns, has the right to vote, or has the power to sell or direct  
 684 the sale of, 25 percent or more of a class of a voting security  
 685 of such corporation. For purposes of this sub-subparagraph, a  
 686 shareholder beneficially owns any securities:

687 (I) Owned by the shareholder's child, stepchild,  
 688 grandchild, parent, stepparent, grandparent, spouse, sibling,  
 689 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
 690 brother-in-law, or sister-in-law sharing the same residence; or

691 (II) That the shareholder has the right to acquire, within  
 692 60 days, through the exercise of any option, warrant, or right  
 693 to purchase the securities.

694 g. Each person who is a general partner and each natural  
 695 person who is a limited partner or special partner of a  
 696 partnership that is a direct owner of an intermediary applicant

13-01002-25 2025988\_\_

697 who has the right to receive upon dissolution, or have  
 698 contributed, 25 percent or more of such partnership's capital.

699 h. Each person who is a member of a limited liability  
 700 company that is a direct owner of an intermediary applicant who  
 701 has the right to receive upon dissolution, or has contributed,  
 702 25 percent or more of such limited liability company's capital,  
 703 and, if such limited liability company is managed by elected  
 704 managers, each elected manager.

705 2. For purposes of this paragraph, the term "direct owner"  
 706 means:

707 a. A shareholder who owns 5 percent or more of a class of  
 708 voting securities of an intermediary applicant, and includes any  
 709 person who owns, beneficially owns, has the right to vote, or  
 710 has the power to sell or direct the sale of, 5 percent or more  
 711 of a class of a voting security of the intermediary applicant.  
 712 For purposes of this sub-subparagraph, a person beneficially  
 713 owns any securities:

714 (I) Owned by the shareholder's child, stepchild,  
 715 grandchild, parent, stepparent, grandparent, spouse, sibling,  
 716 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
 717 brother-in-law, or sister-in-law sharing the same residence; or

718 (II) That the shareholder has the right to acquire, within  
 719 60 days, through the exercise of any option, warrant, or right  
 720 to purchase the securities.

721 b. Each general partner and each limited partner or special  
 722 partner of an intermediary applicant who has the right to  
 723 receive upon dissolution, or has contributed, 5 percent or more  
 724 of the intermediary applicant's capital.

725 c. A member who has the right to receive upon dissolution,

13-01002-25 2025988\_\_

726 or has contributed, 5 percent or more of the intermediary  
 727 applicant's capital, and, if managed by elected managers, each  
 728 elected manager.

729 (d) The vendor, entity, or agency authorized under s.  
 730 943.053(13) to submit fingerprints electronically to the  
 731 Department of Law Enforcement shall submit the fingerprints to  
 732 the department for state processing, and the department shall  
 733 forward the fingerprints to the Federal Bureau of Investigation  
 734 for national processing.

735 (e) Fees for state and federal fingerprint processing shall  
 736 be borne by the person subject to the criminal history record  
 737 check. The state cost for fingerprint processing shall be as  
 738 provided in s. 943.053(3)(e).

739 (f) The office shall review the results of the state and  
 740 federal criminal history record checks and determine whether the  
 741 applicant is disqualified from registration. The commission may  
 742 waive by rule the requirement that applicants, including any  
 743 persons listed in sub-subparagraphs (c)1.b.-g., submit  
 744 fingerprints or the requirement that such fingerprints be  
 745 processed by the Department of Law Enforcement or the Federal  
 746 Bureau of Investigation.

747 (g)~~(e)~~ The application must be amended within 30 days if  
 748 any information contained in the form becomes inaccurate for any  
 749 reason.

750 (h)~~(d)~~ An intermediary or persons affiliated with the  
 751 intermediary are not subject to any disqualification described  
 752 in s. 517.1611 or Securities and Exchange Commission Rule  
 753 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the Securities  
 754 Act of 1933, as amended. Each director, officer, manager or

13-01002-25

2025988\_\_

755 managing member, control person of the issuer, any person  
 756 occupying a similar status or performing a similar function, and  
 757 each person holding more than 20 percent of the ownership  
 758 interests of the intermediary is subject to this requirement.

759 ~~(i)(e)~~ If the office finds that the applicant has complied  
 760 with the applicable registration provisions of this chapter and  
 761 the rules adopted thereunder, it shall register the applicant.  
 762 The registration of each intermediary expires on December 31 of  
 763 the year the registration became effective unless the registrant  
 764 renews his or her registration on or before that date.  
 765 Registration may be renewed by furnishing such information as  
 766 the commission may require by rule, together with payment of a  
 767 \$200 fee and the payment of any amount due to the office  
 768 pursuant to any order of the office or pursuant to any agreement  
 769 with the office. An intermediary who has not renewed a  
 770 registration by the time that the current registration expires  
 771 may request reinstatement of such registration by filing with  
 772 the office, on or before January 31 of the year following the  
 773 year of expiration, such information as required by the  
 774 commission, together with payment of the \$200 fee and a late fee  
 775 of \$200. Any reinstatement of registration granted by the office  
 776 during the month of January is deemed effective retroactive to  
 777 January 1 of that year.

778 ~~(21)(20)~~ The registration requirements of this section do  
 779 not apply to any general lines insurance agent or life insurance  
 780 agent licensed under chapter 626, with regard to the sale of a  
 781 security as defined in s. 517.021(30)(g) ~~s. 517.021(25)(g)~~, if  
 782 the individual is directly authorized by the issuer to offer or  
 783 sell the security on behalf of the issuer and the issuer is a

13-01002-25

2025988\_\_

784 federally chartered savings bank subject to regulation by the  
 785 Federal Deposit Insurance Corporation. Actions under this  
 786 subsection constitute activity under the insurance agent's  
 787 license for purposes of ss. 626.611 and 626.621.

788 ~~(22)(a)(21)(a)~~ As used in this subsection, the term:

789 1. "Broker" has the same meaning as "dealer" as defined in  
 790 s. 517.021.

791 2. "Business combination related shell company" means a  
 792 shell company that is formed by an entity that is not a shell  
 793 company solely for the purpose of:

794 a. Changing the corporate domicile of the entity solely  
 795 within the United States; or

796 b. Completing a business combination transaction, as  
 797 defined in 17 C.F.R. s. 230.165(f), among one or more entities  
 798 other than the company itself, none of which is a shell company.

799 ~~3.2-~~ "Control person" means a person ~~an individual or~~  
 800 ~~entity~~ that possesses the power, directly or indirectly, to  
 801 direct the management or policies of a company through ownership  
 802 of securities, by contract, or otherwise. A person is presumed  
 803 to be a control person of a company if, upon completion of a  
 804 transaction, the buyer or group of buyers with respect to a  
 805 ~~particular company, the person:~~

806 a. ~~Is a director, a general partner, a member, or a manager~~  
 807 ~~of a limited liability company, or is an officer who exercises~~  
 808 ~~executive responsibility or has a similar status or function;~~

809 ~~a.b-~~ Has the power to vote 25 ~~20~~ percent or more of a class  
 810 of voting securities or has the power to sell or direct the sale  
 811 of 25 ~~20~~ percent or more of a class of voting securities; or

812 ~~b.e-~~ In the case of a partnership or limited liability

13-01002-25 2025988\_\_

813 company, may receive upon dissolution, or has contributed, 25 ~~20~~  
814 percent or more of the capital.

815 ~~4.3-~~ "Eligible privately held company" means a privately  
816 held company that meets all of the following conditions:

817 a. The company does not have any class of securities which  
818 is registered, or which is required to be registered, with the  
819 ~~United States~~ Securities and Exchange Commission under the  
820 Securities Exchange Act of 1934, 15 U.S.C. ss. 78a et seq., as  
821 amended, or with the office under s. 517.07, or for which the  
822 company files, or is required to file, summary and periodic  
823 information, documents, and reports under s. 15(d) of the  
824 Securities Exchange Act of 1934, 15 U.S.C. s. 78o(d), as  
825 amended.

826 b. In the fiscal year immediately preceding the fiscal year  
827 during which the merger and acquisition broker begins to provide  
828 services for the securities transaction, the company, in  
829 accordance with its historical financial accounting records, has  
830 earnings before interest, taxes, depreciation, and amortization  
831 of less than \$25 million or has gross revenues of less than \$250  
832 million. On July 1, 2021, and every 5 years thereafter, each  
833 dollar amount in this sub-subparagraph shall be adjusted by  
834 dividing the annual value of the Employment Cost Index for wages  
835 and salaries for private industry workers, or any successor  
836 index, as published by the Bureau of Labor Statistics, for the  
837 calendar year preceding the calendar year in which the  
838 adjustment is being made, by the annual value of such index or  
839 successor index for the calendar year ending December 31, 2020  
840 ~~2012~~, and multiplying such dollar amount by the quotient  
841 obtained. Each dollar amount determined under this sub-

13-01002-25 2025988\_\_

842 subparagraph shall be rounded to the nearest multiple of  
843 \$100,000. The commission may by rule modify the dollar figures  
844 if the commission determines that such a modification is  
845 necessary or appropriate in the public interest or for the  
846 protection of investors.

847 ~~5.4-~~ "Merger and acquisition broker" means a a ~~any~~ broker and  
848 any person associated with a broker engaged in the business of  
849 effecting securities transactions solely in connection with the  
850 transfer of ownership of an eligible privately held company,  
851 regardless of whether the ~~that~~ broker acts on behalf of a seller  
852 or buyer, through the purchase, sale, exchange, issuance,  
853 repurchase, or redemption of, or a business combination  
854 involving, securities or assets of the eligible privately held  
855 company.

856 ~~6.5-~~ "Public Shell company" means a company that at the  
857 time of a transaction with an eligible privately held company:  
858 ~~a. Has any class of securities which is registered, or~~  
859 ~~which is required to be registered, with the United States~~  
860 ~~Securities and Exchange Commission under the Securities Exchange~~  
861 ~~Act of 1934, 15 U.S.C. ss. 78a et seq., or with the office under~~  
862 ~~s. 517.07, or for which the company files, or is required to~~  
863 ~~file, summary and periodic information, documents, and reports~~  
864 ~~under s. 15(d) of the Securities Exchange Act of 1934, 15 U.S.C.~~  
865 ~~s. 78o(d);~~

866 ~~a.b-~~ Has nominal or no operations, and  
867 ~~b.e-~~ Has nominal assets or no assets, assets consisting  
868 solely of cash and cash equivalents, or assets consisting of any  
869 amount of cash and cash equivalents and nominal other assets.  
870 (b) Prior to the completion of any securities transaction

13-01002-25 2025988\_\_

871 described in s. 517.061(7), a merger and acquisition broker must  
872 receive written assurances from the control person with the  
873 largest percentage of ownership for both the buyer and seller  
874 engaged in the transaction that:

875 1. After the transaction is completed, any person who  
876 acquires securities or assets of the eligible privately held  
877 company, acting alone or in concert, will be a control person of  
878 the eligible privately held company or will be a control person  
879 for the business conducted with the assets of the eligible  
880 privately held company. ~~and~~

881 2. After the transaction is completed, any person who  
882 acquires securities or assets of the eligible privately held  
883 company, acting alone or in concert, will be active in the  
884 management of the eligible privately held company or the  
885 business conducted with the assets of the eligible privately  
886 held company, and active in the management of the assets of the  
887 eligible privately held company, by engaging in acts and  
888 activities that include, but are not limited to, the following:

889 a. Electing executive officers.

890 b. Approving the annual budget.

891 c. Serving as an executive or other executive manager.

892 d. Carrying out such other activities as the commission may  
893 by rule determine to be in the public interest.

894 ~~3.2-~~ If any person is offered securities in exchange for  
895 securities or assets of the eligible privately held company,  
896 such person will, before becoming legally bound to complete the  
897 transaction, receive or be given reasonable access to the most  
898 recent year-end financial statements of the issuer of the  
899 securities offered in exchange. The most recent year-end

13-01002-25 2025988\_\_

900 financial statements shall be customarily prepared by the  
901 issuer's management in the normal course of operations. If the  
902 financial statements of the issuer are audited, reviewed, or  
903 compiled, the most recent year-end financial statements must  
904 include any related statement by the independent certified  
905 public accountant; a balance sheet dated not more than 120 days  
906 before the date of the exchange offer; and information  
907 pertaining to the management, business, results of operations  
908 for the period covered by the foregoing financial statements,  
909 and material loss contingencies of the issuer.

910 (c) A merger and acquisition broker engaged in a  
911 transaction exempt under s. 517.061(7) is exempt from  
912 registration under this section unless the merger and  
913 acquisition broker:

914 1. Directly or indirectly, in connection with the transfer  
915 of ownership of an eligible privately held company, receives,  
916 holds, transmits, or has custody of the funds or securities to  
917 be exchanged by the parties to the transaction;

918 2. Engages on behalf of an issuer in a public offering of  
919 any class of securities which is registered, or which is  
920 required to be registered, with the ~~United States~~ Securities and  
921 Exchange Commission under the Securities Exchange Act of 1934,  
922 15 U.S.C. ss. 78a et seq., as amended, or with the office under  
923 s. 517.07; or for which the issuer files, or is required to  
924 file, periodic information, documents, and reports under s.  
925 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. s.  
926 78o(d), as amended;

927 3. Engages on behalf of any party in a transaction  
928 involving a ~~public~~ shell company, other than a business

13-01002-25 2025988\_\_

929 combination related shell company;  
 930 4. Directly, or indirectly through any of its affiliates,  
 931 provides financing related to the transfer of ownership of an  
 932 eligible privately held company;  
 933 5. Assists any party to obtain financing from an  
 934 unaffiliated third party without:  
 935 a. Complying with all other applicable laws in connection  
 936 with such assistance, including, if applicable, Regulation T  
 937 under 12 C.F.R. ss. 220 et seq., as amended; and  
 938 b. Disclosing any compensation in writing to the party;  
 939 6. Represents both the buyer and the seller in the same  
 940 transaction without providing clear written disclosure as to the  
 941 parties the broker represents and obtaining written consent from  
 942 both parties to the joint representation;  
 943 7. Facilitates a transaction with a group of buyers formed  
 944 with the assistance of the merger and acquisition broker to  
 945 acquire the eligible privately held company;  
 946 8. Engages in a transaction involving the transfer of  
 947 ownership of an eligible privately held company to a passive  
 948 buyer or group of passive buyers;  
 949 9. Binds a party to a transfer of ownership of an eligible  
 950 privately held company; or  
 951 10. Is subject to, or an officer, director, member,  
 952 manager, partner, or employee of the broker is subject to, the  
 953 following disciplinary actions:  
 954 a. Has been barred from association with a broker or dealer  
 955 by the Securities and Exchange Commission, any state, or any  
 956 self-regulatory organization; or  
 957 b. Is suspended from association with a broker or dealer.

13-01002-25 2025988\_\_

958 ~~4. Is subject to a suspension or revocation of registration~~  
 959 ~~under s. 15(b)(4) of the Securities Exchange Act of 1934, 15~~  
 960 ~~U.S.C. s. 78o(b)(4);~~  
 961 ~~5. Is subject to a statutory disqualification described in~~  
 962 ~~s. 3(a)(39) of the Securities Exchange Act of 1934, 15 U.S.C. s.~~  
 963 ~~78e(a)(39);~~  
 964 ~~6. Is subject to a disqualification under the United States~~  
 965 ~~Securities and Exchange Commission Rule 506(d), 17 C.F.R. s.~~  
 966 ~~230.506(d); or~~  
 967 ~~7. Is subject to a final order described in s. 15(b)(4)(H)~~  
 968 ~~of the Securities Exchange Act of 1934, 15 U.S.C. s.~~  
 969 ~~78e(b)(4)(H).~~  
 970 Section 9. Subsection (1), paragraph (a) of subsection (2),  
 971 and subsections (3) and (5) of section 517.131, Florida  
 972 Statutes, are amended to read:  
 973 517.131 Securities Guaranty Fund.—  
 974 (1) As used in this section, the term:  
 975 (a) "Final judgment" includes an arbitration award  
 976 confirmed by a court of competent jurisdiction.  
 977 (b) "Restitution order" means a court order awarding a  
 978 specified monetary amount to a named aggrieved person for a  
 979 violation of s. 517.07 or s. 517.301 to be paid by a named  
 980 violator.  
 981 (2)(a) The Chief Financial Officer shall establish a  
 982 Securities Guaranty Fund to provide monetary relief to victims  
 983 of securities violations under this chapter who are entitled to  
 984 monetary damages or restitution and cannot recover the full  
 985 amount of such monetary damages or restitution from the  
 986 wrongdoer. An amount not exceeding 20 percent of all revenues



13-01002-25 2025988\_\_

987 received as assessment fees pursuant to s. 517.12(10) and (11)  
 988 ~~s. 517.12(9) and (10)~~ for dealers and investment advisers or s.  
 989 517.1201 for federal covered advisers and an amount not  
 990 exceeding 10 percent of all revenues received as assessment fees  
 991 pursuant to s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ for  
 992 associated persons must be part of the regular registration  
 993 license fee and must be transferred to or deposited in the  
 994 Securities Guaranty Fund.

995 (3) A person is eligible for payment from the Securities  
 996 Guaranty Fund if the person:

997 (a)1. Is a judgment creditor in ~~holds~~ an unsatisfied final  
 998 judgment or a named beneficiary or victim in an unsatisfied  
 999 restitution order entered on or after October 1, 2024, in which  
 1000 a wrongdoer was found to have violated s. 517.07 or s. 517.301;

1001 2. Has applied any amount recovered from the judgment  
 1002 debtor, a person ordered to pay restitution, or any other source  
 1003 to the damages awarded in a final judgment or restitution order  
 1004 ~~by the court or arbitrator~~; and

1005 3. Is a natural person who was a resident of this state, or  
 1006 is a business entity that was domiciled in this state, at the  
 1007 time of the violation of s. 517.07 or s. 517.301; or

1008 (b) Is a receiver appointed pursuant to s. 517.191(2) by a  
 1009 court of competent jurisdiction for a wrongdoer ordered to pay  
 1010 restitution under s. 517.191(3) as a result of a violation of s.  
 1011 517.07 or s. 517.301 which has requested payment from the  
 1012 Securities Guaranty Fund on behalf of a person eligible for  
 1013 payment under paragraph (a).

1014 If a person holds an unsatisfied final judgment or restitution  
 1015

13-01002-25 2025988\_\_

1016 order entered before October 1, 2024, in which a wrongdoer was  
 1017 found to have violated s. 517.07 or s. 517.301, such person's  
 1018 claim for payment from the Securities Guaranty Fund shall be  
 1019 governed by the terms of this section and s. 517.141 which were  
 1020 effective on the date of such final judgment or restitution  
 1021 order.

1022 (5) An eligible person, or a receiver on behalf of the  
 1023 eligible person, seeking payment from the Securities Guaranty  
 1024 Fund must file with the office a written application on a form  
 1025 that the commission may prescribe by rule. The commission may  
 1026 adopt by rule procedures for filing documents by electronic  
 1027 means, provided that such procedures provide the office with the  
 1028 information and data required by this section. The application  
 1029 must be filed with the office within 1 year after the date of  
 1030 the final judgment, the date on which a restitution order has  
 1031 been ripe for execution, or the date of any appellate decision  
 1032 thereon, and, at minimum, must contain all of the following  
 1033 information:

1034 (a) The eligible person's and, if applicable, the  
 1035 receiver's full names, addresses, and contact information.

1036 (b) The name of the judgment debtor or person ordered to  
 1037 pay restitution.

1038 (c) If the eligible person is a business entity, the  
 1039 eligible person's type and place of organization and, as  
 1040 applicable, a copy, as amended, of its articles of  
 1041 incorporation, articles of organization, trust agreement, or  
 1042 partnership agreement.

1043 (d) A copy of any final judgment or ~~and a copy thereof~~.  
 1044 ~~(e) Any restitution order pursuant to s. 517.191(3), and a~~

13-01002-25 2025988\_\_  
 1045 ~~copy thereof.~~  
 1046 ~~(e)(f)~~ An affidavit from the eligible person stating either  
 1047 one of the following:  
 1048 1. That the eligible person has made all reasonable  
 1049 searches and inquiries to ascertain whether the judgment debtor  
 1050 or person ordered to pay restitution possesses real or personal  
 1051 property or other assets subject to being sold or applied in  
 1052 satisfaction of the final judgment or restitution order and, by  
 1053 the eligible person's search, that the eligible person has not  
 1054 discovered any property or assets.  
 1055 2. That the eligible person has taken necessary action on  
 1056 the property and assets of the wrongdoers but the final judgment  
 1057 or restitution order remains unsatisfied.  
 1058 ~~(f)(g)~~ If the application is filed by the receiver, an  
 1059 affidavit from the receiver stating the amount of restitution  
 1060 owed to the eligible person on whose behalf the claim is filed;  
 1061 the amount of any money, property, or assets paid to the  
 1062 eligible person on whose behalf the claim is filed by the person  
 1063 over whom the receiver is appointed; and the amount of any  
 1064 unsatisfied portion of any eligible person's restitution order  
 1065 ~~of restitution.~~  
 1066 ~~(g)(h)~~ The eligible person's residence or domicile at the  
 1067 time of the violation of s. 517.07 or s. 517.301 which resulted  
 1068 in the eligible person's monetary damages.  
 1069 ~~(h)(i)~~ The amount of any unsatisfied portion of the  
 1070 eligible person's final judgment or restitution order.  
 1071 ~~(i)(j)~~ Whether an appeal ~~or motion to vacate an arbitration~~  
 1072 ~~award~~ has been filed.  
 1073 Section 10. Subsection (3) of section 517.301, Florida

13-01002-25 2025988\_\_  
 1074 Statutes, is amended to read:  
 1075 517.301 Fraudulent transactions; falsification or  
 1076 concealment of facts.-  
 1077 (3) It is unlawful for a person in issuing or selling a  
 1078 security within this state, including a security exempted under  
 1079 s. 517.051 and including a transaction exempted under s.  
 1080 517.061, s. 517.0611, or s. 517.0612, to misrepresent that such  
 1081 security or ~~person business entity~~ has been guaranteed,  
 1082 sponsored, recommended, or approved by the state or an agency or  
 1083 officer of the state or by the United States or an agency or  
 1084 officer of the United States.  
 1085 Section 11. Subsection (1) of section 517.211, Florida  
 1086 Statutes, is amended to read:  
 1087 517.211 Private remedies available in cases of unlawful  
 1088 sale.-  
 1089 (1) Every sale made in violation of either s. 517.07 or s.  
 1090 517.12(1), (3), (4), (9), (11), (13), (16), or (18) ~~or~~  
 1091 ~~517.12(1), (3), (4), (8), (10), (12), (15), or (17)~~ may be  
 1092 rescinded at the election of the purchaser; however, a sale made  
 1093 in violation of the provisions of s. 517.1202(3) relating to a  
 1094 renewal of a branch office notification or in violation of the  
 1095 provisions of s. 517.12(13) ~~s. 517.12(12)~~ relating to filing a  
 1096 change of address amendment is not subject to this section. Each  
 1097 person making the sale and every director, officer, partner, or  
 1098 agent of or for the seller, if the director, officer, partner,  
 1099 or agent has personally participated or aided in making the  
 1100 sale, is jointly and severally liable to the purchaser in an  
 1101 action for rescission, if the purchaser still owns the security,  
 1102 or for damages, if the purchaser has sold the security. No

13-01002-25

2025988\_\_

1103 purchaser otherwise entitled will have the benefit of this  
1104 subsection who has refused or failed, within 30 days after  
1105 receipt, to accept an offer made in writing by the seller, if  
1106 the purchaser has not sold the security, to take back the  
1107 security in question and to refund the full amount paid by the  
1108 purchaser or, if the purchaser has sold the security, to pay the  
1109 purchaser an amount equal to the difference between the amount  
1110 paid for the security and the amount received by the purchaser  
1111 on the sale of the security, together, in either case, with  
1112 interest on the full amount paid for the security by the  
1113 purchaser at the legal rate, pursuant to s. 55.03, for the  
1114 period from the date of payment by the purchaser to the date of  
1115 repayment, less the amount of any income received by the  
1116 purchaser on the security.

1117 Section 12. Subsection (2) of section 517.315, Florida  
1118 Statutes, is amended to read:

1119 517.315 Fees.—All fees of any nature collected by the  
1120 office pursuant to this chapter shall be disbursed as follows:

1121 (2) After the transfer required in subsection (1), the  
1122 office shall transfer the \$50 assessment fee collected from each  
1123 associated person under s. 517.12(10) and (11) ~~s. 517.12(9) and~~  
1124 ~~(10)~~ and 30.44 percent of the \$100 assessment fee paid by  
1125 dealers and investment advisers for each office in the state  
1126 under s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ to the  
1127 Regulatory Trust Fund.

1128 Section 13. This act shall take effect upon becoming a law.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 1078

INTRODUCER: Senator McClain

SUBJECT: Fire Prevention

DATE: March 7, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Moody	Knudson	BI	<b>Pre-meeting</b>
2.			CA	
3.			RC	

---

**I. Summary:**

Senate Bill 1078 clarifies the simplified permitting process for certain fire alarm and fire sprinkler system projects and enhances several key provisions relating to fire system and fire alarm permitting, inspection processes, and enforcement of local ordinances.

**Simplified Permitting Process for Certain Fire Alarm and Sprinkler System Projects**

- Requires local governments to establish a simplified permitting process that complies with the minimum requirements of the Florida Building Code’s (Building Code) simplified permitting process for fire alarm or sprinkler system projects of 20 or fewer alarm devices or sprinklers.
- Specifies deadlines for permit issuances and inspections and removes the requirement for a local enforcement agency to perform at least one inspection.
- Allows a contractor to commence work that is authorized by the permit immediately after submission of a completed application.
- Clarifies that a contractor’s requirement to make fire alarm project plans and specifications available to the inspector at each inspection must be made available for an onsite plans review of them.
- Requires a contractor to provide copies of any documentation requested from the local enforcement agency within a specified time and prohibits such agency from requiring documentation for areas or devices outside the scope of permitted work.
- Requires a local government who fails to comply with certain deadlines to reduce the permit fee by a specified amount unless an exception applies.
- Amends the definition subsection which clarifies the scope of when the simplified permitting process applies.

## Ordinance Compliance

- Provides that amendments adopted by local governments which do not comply with the Florida Fire Prevention Code (Fire Code) are rescinded immediately.
- Provides that a local fire marshal who enforces a county or municipal ordinance that has been rescinded is subject to certain disciplinary action.

## Inspection Report Improvements

- Amends the information required to be included in a uniform summary inspection report for fire protection system and hydrant inspections to require only the total quantity of deficiencies instead of brief descriptions of each.

The bill provides an effective date of July 1, 2025.

## II. Present Situation:

### Florida Division of the State Fire Marshal

State law on fire prevention and control is provided in Chapter 633, F.S. Section 633.104, F.S., designates the Chief Financial Officer as the State Fire Marshal, operating through the Division of the State Fire Marshal (Division).<sup>1</sup> Pursuant to this authority, the State Fire Marshal regulates, trains, and certifies fire service personnel; conducts firesafety inspections of state property; develops firesafety standards; provides facilities for the analysis of fire debris; and operates the Florida State Fire College.<sup>2</sup>

The Division consists of two bureaus: Bureau of Fire Prevention and Bureau of Fire Standards and Training.<sup>3</sup> The Inspections Section, under the Bureau of Fire Prevention, annually inspects more than 14,000 state-owned buildings and facilities. The State Fire Marshal adopts by rule the Florida Code, which contains or references all firesafety laws and rules regarding public and private buildings. The Inspections Section is responsible for enforcing the Fire Code which contains more than 200 fire safety standards.<sup>4</sup>

### Fire Alarm and Fire Sprinkler System Projects

In 2022, the Legislature enacted s. 553.7932, F.S., to create a simplified permitting process for fire alarm system projects<sup>5</sup> altering 20 or fewer initiating and notification devices, streamlining

---

<sup>1</sup> The head of the Department of Financial Services (DFS) is the Chief Financial Officer. Section 633.102(5), F.S., provides the Division of State Fire Marshal is located within the DFS.

<sup>2</sup> Division of State Fire Marshal, *State Fire Marshal*, available at [Florida's State Fire Marshal](#) (last visited Mar. 3, 2025).

<sup>3</sup> *Id.*

<sup>4</sup> Division of State Fire Marshal, *Inspections*, available at [Inspections | Bureau of Fire Prevention | Florida's State Fire Marshal](#) (last visited Mar. 3, 2025).

<sup>5</sup> Section 553.7932(1)(c), F.S., defines a “fire alarm system project” as a fire alarm system alteration of a total of 20 or fewer initiating devices and notification devices, or the installation or replacement of a fire communicator connected to an existing fire alarm control panel in an existing commercial, residential, apartment, cooperative, or condominium building. A “fire alarm control unit” or fire alarm panel, serves as the brain of the fire alarm system. It is a component of a fire alarm system that receives signals from initiating devices or other fire alarm control units, and processes these signals to determine part or

processing time by eliminating any requirement for a local enforcement agency to review plans prior to a contractor<sup>6</sup> starting work.<sup>7</sup> In 2023, the section was amended to apply the simplified permitting process to fire sprinkler system projects<sup>8</sup> that alter 20 or fewer sprinklers. The law prohibits a local enforcement agency from requiring a contractor to submit plans or specifications in order to obtain a permit for certain fire alarm or fire sprinkler system projects but preserves the agency's authority to require a permit application and permit fee.<sup>9</sup>

A local enforcement agency must:

- Issue a permit for a fire alarm or fire sprinkler system project in person or electronically.<sup>10</sup> Current law does not prescribe a deadline for which the local enforcement agency must issue the permit.
- Require at least one inspection to ensure the work complies with the applicable codes and standards, and if a fire alarm or fire sprinkler system project fails an inspection, the contractor must take corrective action to pass inspection.<sup>11</sup>

The contractor must keep a copy of the plans and specifications at the fire alarm or fire sprinkler system project worksite and make them available to the inspector at each inspection.<sup>12</sup> Current law does not specify that the purpose of making them available is for an onsite plan review.

### **Fire Prevention and Control**

State law requires all municipalities, counties, and special districts with fire safety responsibilities to enforce the Fire Code as the minimum fire prevention code to operate uniformly among local governments and in conjunction with the Building Code. Each county, municipality, and special district with fire safety enforcement responsibilities must employ or contract with a fire safety inspector (certified by the State Fire Marshal) to conduct all fire safety inspections required by law.<sup>13</sup>

---

all of the required fire alarm system output. National Fire Protection Association, *A Guide to Fire Alarm Basics*, available at <https://www.nfpa.org/News-and-Research/Publications-and-media/Blogs-Landing-Page/NFPA-Today/Blog-Posts/2021/03/03/A-Guide-to-Fire-Alarm-Basics> (last visited Mar.4, 2025).

<sup>6</sup> Section 553.7932(1)(b), F.S., defines “contractor” as a person who: 1. Is qualified to engage in the business of electrical or alarm system contracting pursuant to a certificate or registration issued by the department under part II of ch. 489, F.S.; or 2. Is qualified to engage in the business of fire protection system contracting pursuant to a license or certificate issued by the State Fire Marshal.

<sup>7</sup> Ch. 2022-124, Laws of Fla.

<sup>8</sup> Section 553.7932(1)(d), F.S., defines a "fire sprinkler system project" as a fire protection system alteration of a total of 20 or fewer fire sprinklers in which the sprinklers are of the same K-factor and located in spaces where there is no change of hazard classification or increased system coverage area, or the installation or replacement of an equivalent fire sprinkler system component in an existing commercial, residential, apartment, cooperative, or condominium building.

<sup>9</sup> Section 553.7932(2), F.S.

<sup>10</sup> Section 553.7932(3), F.S.

<sup>11</sup> Section 553.7932(4), F.S.

<sup>12</sup> Section 553.7932(5), F.S.

<sup>13</sup> Section 633.202, F.S.

### ***Fire Protection Systems***

A “fire protection system” is a system individually designed to protect the interior or exterior of a specific building or buildings, structure, or other special hazard from fire. A fire protection system includes, but is not limited to:<sup>14</sup>

- Water sprinkler systems;
- Water spray systems;
- Foam-water sprinkler systems;
- Foam-water spray systems;
- Carbon dioxide systems;
- Foam extinguishing systems;
- Dry chemical systems; and
- Halon and other chemical systems used for fire protection use.

Fire protection systems also include any tanks and pumps connected to fire sprinkler systems, overhead and underground fire mains, fire hydrants and hydrant mains, standpipes and hoses connected to sprinkler systems, sprinkler tank heaters, air lines, and thermal systems used in connection with fire sprinkler systems.<sup>15</sup>

Fire protection systems must be installed in accordance with the Fire Code and the Building Code. Current law requires local governments to enforce the Fire Code and the Building Code including the permitting, inspecting, and approving the installation of a fire protection system.<sup>16</sup> Owners of fire protection systems must contract with a certified fire protection system contractor to regularly inspect such systems.<sup>17</sup>

### ***Fire Protection System Contractors***

To engage in the business of laying out, fabricating, installing, inspecting, altering, repairing, or servicing a fire protection system in Florida, other than a pre-engineered system, a person must be certified as a fire protection system contractor.<sup>18</sup>

Fire protection system contractors are regulated by ch. 633, F.S., which outlines the law pertaining to fire protection system contractors in Florida. The State Fire Marshal is responsible for licensing and regulating fire system protection contractors in Florida.<sup>19</sup>

There are five levels of certification for fire protection system contractors. A contractor’s ability to practice is limited to the category or categories for which the contractor has obtained certification.<sup>20</sup>

---

<sup>14</sup> Section 633.102(11), F.S.

<sup>15</sup> *Id.*

<sup>16</sup> See generally chs. 553 and 633, F.S.; Florida Fire Prevention Code 8<sup>th</sup> Edition (NFPA Standard 1), available at [florida-fire-prevention-code-8th-edition-nfpa-101-fl-sp.pdf](https://www.floridafire.com/wp-content/uploads/2019/07/florida-fire-prevention-code-8th-edition-nfpa-101-fl-sp.pdf) (last visited Mar. 4, 2025).

<sup>17</sup> Section 633.312, F.S.

<sup>18</sup> Section 633.336(1), F.S.

<sup>19</sup> Sections 633.318 and 633.338, F.S.

<sup>20</sup> Section 633.102(3), F.S.

***Penalties***

Section 633.106, F.S., authorizes the State Fire Marshal to impose the following disciplinary actions against any individual who does not meet the qualifications established by, or who violates any provision of ch. 633, F.S., or any rule that it authorizes:

- Deny, suspend, or revoke the license, certificate, or permit.
- Except on a second offense or when the suspension, revocation, or refusal to issue is mandatory, and in lieu of such actions, impose one of the following:
  - An administrative fine not to exceed \$1,000 for each violation up to \$10,000.
  - Probation for a period not to exceed 2 years.

The State Fire Marshal has discretion on the number of days for payment, but such fees must be paid within a reasonable period not to exceed 30 days. Failure to pay the fine within the required period results in the license, permit or certificate being suspended until the payment of the administrative fine is made. The State Fire Marshal has discretion on his or her reasonable terms and conditions that may be imposed during the probation period.<sup>21</sup>

***Uniform Summary Inspection Report***

The bill requires that the State Fire Marshal adopt rules to implement a uniform submission procedure for the collection of inspection reports. The local authority having jurisdiction may accept the report by mail, hand delivery, electronically or through a vendor. The State Fire Marshal must adopt rules to establish submission procedures for each of these methods. These rules must allow a contractor to attach additional documents, including their detailed inspection report, to the submission. The standardized procedures to be set by the State Fire Marshal must include a standardized reporting format for a uniform summary report. The uniform summary report must include:

- The address of the building or hydrant;
- The company and person conducting the inspection and their license number;
- The date of the inspection;
- The fire protection system or hydrant inspection status; and
- A brief summary of each deficiency, critical deficiency, noncritical deficiency or impairment found.

The contractor's inspection report is not required to follow a uniform format and contractors may not be required to enter details of the inspection report. The submission procedures created by the State Fire Marshal may not require a contractor to submit information contained within the detailed inspection report unless the information is required to be included in the uniform summary report.<sup>22</sup>

**III. Effect of Proposed Changes:**

Senate Bill 1078 aims to strengthen fire safety standards statewide by:

- Streamlining permitting and inspection processes to be more efficient.
- Enhancing local government accountability and compliance with state regulations.

---

<sup>21</sup> Section 633.106, F.S.

<sup>22</sup> Section 633.312(3)(b), F.S.



- Reducing administrative burdens and costs for contractors while maintaining safety standards.

### **Simplified Permitting Process for Certain Fire Alarm and Sprinkler System Projects**

**Section 1** of the bill requires local governments to establish by October 1, 2025, a simplified permitting process that complies with the minimum requirements of the Building Code's simplified permitting process for fire alarm or sprinkler system projects of 20 or fewer alarm devices or sprinklers.

The bill amends the simplified permitting process in the Building Code to specify that a local enforcement agency must issue a permit within two business days after submission of the completed application. The bill allows contractors to begin work authorized by the permit immediately after the submission of a completed application before the local enforcement agency issues the permit. The bill modifies the requirement for a local enforcement agency to perform at least one inspection of a fire alarm or fire sprinkler system project to ensure compliance with applicable codes and standards and provides that if a local enforcement agency requires an inspection, then it must be completed within 24 hours after such inspection is requested. These deadlines for issuing permits and conducting inspections are intended to ensure timely compliance and efficient project completion.

If a local government fails to comply with deadlines in the simplified permit process, then the local government must reduce the permit fee by 10 percent for each business day of such failure unless:

- The parties agree in writing to a reasonable extension of time,
- The delay is caused by the applicant, or
- The delay is attributable to a force majeure or other extraordinary circumstances.

Each 10 percent reduction is based on the original amount of the permit fee.

The bill clarifies that the purpose of a contractor's requirement to make fire alarm project plans and specifications available to the inspector at each inspection is for an onsite plans review of them. The bill requires a contractor to provide copies of any documentation requested from the local enforcement agency within 4 business days after the inspection and prohibits such agency from requiring documentation for areas or devices outside the scope of permitted work.

The bill defines "alteration" as "to add, install, relocate, replace, or remove" which clarifies the definitions of fire alarm system project and fire sprinkler system project and which, in turn, clarifies when the simplified permitting process applies to altering such systems. The bill also amends the definition to "fire alarm system project" to add an additional service to the definition of such project, specifically "...the replacement of an existing fire alarm panel using the same make and model as the existing panel."

### **Ordinance Compliance**

**Section 2** of the bill provides that amendments adopted by local governments which do not comply with the Fire Code must be considered rescinded immediately, and that a local fire

marshal who enforces a county or municipal ordinance that has been rescinded as a matter of law is subject to disciplinary action under s. 633.106, F.S.

### **Inspection Report Improvements**

**Section 3** of the bill modifies the information required to be included in a uniform summary inspection report for fire protection system and hydrant inspections to require only the total quantity of deficiencies identified instead of specified brief descriptions required under current law. This amendment intends to reduce redundant documentation and associated costs for contractors.

**Section 4** of the bill provides an effective date of July 1, 2025

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

Article VII, section 18 (a) of the Florida Constitution provides in part that a county or municipality may not be bound by a general law requiring a county or municipality to spend funds or take an action that requires the expenditure of funds unless certain specified exemptions or exceptions are met. Under the bill local governments are required to issue permits and complete inspections within a specified time which may require them to hire additional personnel to meet such deadlines. Further, local governments are required to reduce permit fees by 10 percent for each business day after such government fails to comply with such deadlines. If the bill does qualify as a mandate, in order to be binding upon cities and counties, the bill must contain a finding of important state interest and be approved by a two-thirds vote of the membership of each house.

However, the mandate requirements do not apply to laws having an insignificant fiscal impact, which for Fiscal Year 2025-2026 is forecast at approximately \$2.4 million.<sup>23,24,25</sup>

The Revenue Estimating Conference has not reviewed this bill. If costs imposed by the bill exceed \$2.4 million, the mandates provisions may apply. If the bill does qualify as a mandate, in order to be binding upon cities and counties, the bill must contain a finding of important state interest and be approved by a two-thirds vote of the membership of each house.

---

<sup>23</sup> FLA. CONST. art. VII, s. 18(d).

<sup>24</sup> An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year times \$0.10. See Florida Senate Committee on Community Affairs, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Mar. 7, 2025).

<sup>25</sup> Based on the Florida Demographic Estimating Conference's February 4, 2025 population forecast for 2025 of 23,332,606. The conference packet is available at: [https://edr.state.fl.us/content/conferences/population/ConferenceResults\\_Tables.pdf](https://edr.state.fl.us/content/conferences/population/ConferenceResults_Tables.pdf) (last visited Mar. 7, 2025).

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

None.

**E. Other Constitutional Issues:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

This bill requires local governments to reduce permit fees by 10 percent for each business day after such government fails to comply with authorizing a permit or conducting an inspection of a fire alarm or sprinkler system within a specified time.

**B. Private Sector Impact:**

The bill may reduce the cost of permit fees paid by the private sector to local governments if a local government fails to meet time requirements. On the other hand, the local jurisdictions may raise permit fees so that they can hire employees to meet the time requirements in the bill.

**C. Government Sector Impact:**

The DFS reports that SB 1078 will have no fiscal impact on state government<sup>26</sup> This bill may reduce the amount of permit fees that could be collected by local governments in certain circumstances. This bill may impact local governments because they may have to hire more employees to meet the prescribed timeframes.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The DFS reports that Rule 69A-46, of the Florida Administrative Code, will need to be modified to conform to the changes made in SB 1078.<sup>27</sup>

---

<sup>26</sup> The DFS, *Department of Financial Services 2025 Agency Legislative Bill Analysis SB 1078*, p. 2, Mar. 5, 2025 (on file with the Senate Committee on Banking and Insurance) (hereinafter cited as “2025 DFS Agency Analysis for SB 1078”).

<sup>27</sup> *Id.*

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 553.7932, 633.202, and 633.312.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---



258716

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

The Committee on Banking and Insurance (McClain) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 63 - 153

and insert:

(4) The a local enforcement agency must provide an inspection within 3 business days after such inspection is requested ~~require at least one inspection of a fire alarm system project or fire sprinkler system project~~ to ensure compliance with applicable codes and standards. If a fire alarm system project or fire sprinkler system project fails an inspection,



258716

11 the contractor must take corrective action as necessary to pass  
12 inspection.

13 (5) (a) For a fire alarm system project, a contractor must  
14 keep a copy of the plans and specifications at the fire alarm  
15 system project worksite and make such plans and specifications  
16 available to the inspector for an onsite plans review at each  
17 inspection. If the local enforcement agency determines that it  
18 needs documents for recording purposes, the contractor must  
19 provide such documentation in paper or electronic form to the  
20 local enforcement agency within 4 business days after the  
21 inspection or 4 days after the documentation is requested,  
22 whichever is later. The local enforcement agency may not require  
23 additional plans reviews or documentation of areas or devices  
24 outside the scope of permitted work, as needed on permit  
25 applications.

26 (b) For a fire sprinkler system project ~~to alter an~~  
27 ~~existing fire protection system~~, a contractor must keep a copy  
28 of the plans and specifications at the fire sprinkler system  
29 project worksite and make such plans and specifications  
30 available to the inspector at each inspection. If the local  
31 enforcement agency determines that it needs additional documents  
32 for recording purposes, the contractor must provide such  
33 documentation in paper or electronic form to the local  
34 enforcement agency within 4 business days after the inspection  
35 or 4 days after the documentation is requested, whichever is  
36 later. The local enforcement agency may not require additional  
37 plans reviews or documentation of areas or devices outside the  
38 scope of permitted work, as needed on permit applications.

39 (6) A local government that fails to meet a deadline under



258716

40 subsection (3) or subsection (4) must refund the permit fee by  
41 10 percent for each business day after such failure, unless the  
42 local government and contractor agree in writing to a reasonable  
43 extension of time, the delay is caused by the applicant, or the  
44 delay is attributable to a force majeure or other extraordinary  
45 circumstances. Each 10 percent refund shall be based on the  
46 original amount of the permit fee.

47 (7) By October 1, 2025, a local enforcement agency must  
48 establish a simplified permitting process that complies with  
49 this section.

50 Section 2. Subsection (9) of section 633.202, Florida  
51 Statutes, is amended to read:

52 633.202 Florida Fire Prevention Code.—

53 (9)(a) The State Fire Marshal shall make rules that  
54 implement this section and ss. 633.104 and 633.208 for the  
55 purpose of accomplishing the objectives set forth in those  
56 sections.

57 (b) If a county or municipality fails to adhere to the  
58 requirements of this section when adopting an ordinance for a  
59 local amendment to the Florida Fire Prevention Code, the local  
60 amendment is null and void. A municipality may enforce only an  
61 ordinance that has been sent to the Florida Building Commission  
62 and the State Fire Marshal pursuant to subsection (8) as of the  
63 date that the bid for a permit was submitted.

64  
65 ===== T I T L E A M E N D M E N T =====

66 And the title is amended as follows:

67 Delete lines 9 - 27

68 and insert:



258716

69 requiring the local enforcement agency to provide an  
70 inspection within a specified timeframe; requiring  
71 that certain plans and specifications be available for  
72 an onsite plans review during an inspection; requiring  
73 a contractor to provide additional documents, if  
74 necessary, within a specified timeframe; prohibiting a  
75 local enforcement agency from requiring additional  
76 plans reviews or documentation outside the scope of  
77 the permitted work; requiring that permit fees be  
78 refunded by a certain percentage if a local government  
79 fails to meet certain deadlines; providing exceptions;  
80 requiring local enforcement agencies to establish a  
81 simplified permitting process by a specified date;  
82 amending s. 633.202, F.S.; specifying a condition  
83 under which a local amendment to the Florida Fire  
84 Prevention Code is null and void; providing that a  
85 municipality may enforce only an ordinance that has  
86 been sent to the Florida Building Commission and the  
87 State Fire Marshal as of the date that the bid for a  
88 permit was submitted; amending s. 633.312,



By Senator McClain

9-00503A-25

20251078\_\_

1 A bill to be entitled  
 2 An act relating to fire prevention; amending s.  
 3 553.7932, F.S.; defining the term "alteration";  
 4 revising the definition of the term "fire alarm system  
 5 project"; requiring a local enforcement agency to  
 6 issue a permit for a fire alarm system project or fire  
 7 sprinkler system project within a specified time  
 8 period; authorizing work to commence immediately;  
 9 requiring an inspection required by the local  
 10 enforcement agency of a fire alarm system project or  
 11 fire sprinkler system project within a specified time  
 12 period; requiring that certain plans and  
 13 specifications be available for an onsite plans review  
 14 during an inspection; requiring a contractor to  
 15 provide additional documentation, if necessary, within  
 16 a specified timeframe; prohibiting a local enforcement  
 17 agency from requiring additional plans reviews or  
 18 documentation outside the scope of the permitted work;  
 19 requiring permit fees to be reduced by a certain  
 20 percentage if a local government fails to meet certain  
 21 deadlines; providing exceptions; requiring local  
 22 enforcement agencies to establish a simplified  
 23 permitting process by a specified date; amending s.  
 24 633.202, F.S.; specifying a condition under which a  
 25 local amendment to the Florida Fire Prevention Code is  
 26 immediately rescinded; providing disciplinary action  
 27 under certain circumstances; amending s. 633.312,  
 28 F.S.; requiring that a uniform summary inspection  
 29 report include the total number of deficiencies found

Page 1 of 7

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

9-00503A-25

20251078\_\_

30 during the inspection of a fire protection system or  
 31 hydrant; deleting the requirement for a brief summary  
 32 of such deficiencies; deleting an exception from  
 33 submitting certain information within a detailed  
 34 inspection report; providing an effective date.  
 35  
 36 Be It Enacted by the Legislature of the State of Florida:  
 37  
 38 Section 1. Present paragraphs (a) through (d) of subsection  
 39 (1) of section 553.7932, Florida Statutes, are redesignated as  
 40 paragraphs (b) through (e), respectively, present paragraph (c)  
 41 of subsection (1), subsections (3) and (4), and paragraphs (a)  
 42 and (b) of subsection (5) are amended, and new paragraph (a) of  
 43 subsection (1) and subsections (6) and (7) are added to that  
 44 section, to read:  
 45 553.7932 Simplified permitting processes.-  
 46 (1) As used in this section, the term:  
 47 (a) "Alteration" means to add, install, relocate, replace,  
 48 or remove.  
 49 (d) ~~(e)~~ "Fire alarm system project" means a fire alarm  
 50 system alteration of a total of 20 or fewer initiating devices  
 51 and notification devices; ~~or~~ the installation or replacement of  
 52 a fire communicator connected to an existing fire alarm control  
 53 panel in an existing commercial, residential, apartment,  
 54 cooperative, or condominium building; ~~or the replacement of an~~  
 55 existing fire alarm panel using the same make and model as the  
 56 existing panel.  
 57 (3) A local enforcement agency must issue a permit for a  
 58 fire alarm system project or fire sprinkler system project in

Page 2 of 7

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

9-00503A-25 20251078\_\_  
 59 person or electronically within 2 business days after submission  
 60 of a completed application. A contractor may commence work  
 61 authorized by the permit immediately after submission of a  
 62 completed application.

63 (4) If a local enforcement agency requires an inspection,  
 64 the a local enforcement agency must provide such inspection  
 65 within 24 hours after such inspection is requested, ~~require at~~  
 66 least one inspection of a fire alarm system project or fire  
 67 sprinkler system project to ensure compliance with applicable  
 68 codes and standards. If a fire alarm system project or fire  
 69 sprinkler system project fails an inspection, the contractor  
 70 must take corrective action as necessary to pass inspection.

71 (5) (a) For a fire alarm system project, a contractor must  
 72 keep a copy of the plans and specifications at the fire alarm  
 73 system project worksite and make such plans and specifications  
 74 available to the inspector for an onsite plans review at each  
 75 inspection. If the local enforcement agency determines that it  
 76 needs additional documentation, the contractor must provide such  
 77 documentation in paper or electronic form to the local  
 78 enforcement agency within 4 business days after the inspection.  
 79 The local enforcement agency may not require additional plans  
 80 reviews or documentation of areas or devices outside the scope  
 81 of permitted work.

82 (b) For a fire sprinkler system project ~~to alter an~~  
 83 ~~existing fire protection system~~, a contractor must keep a copy  
 84 of the plans and specifications at the fire sprinkler system  
 85 project worksite and make such plans and specifications  
 86 available to the inspector at each inspection. If the local  
 87 enforcement agency determines that it needs additional

9-00503A-25 20251078\_\_  
 88 documentation, the contractor must provide such documentation in  
 89 paper or electronic form to the local enforcement agency within  
 90 4 business days after the inspection. The local enforcement  
 91 agency may not require additional plans reviews or documentation  
 92 of areas or devices outside the scope of permitted work.

93 (6) A local government that fails to meet a deadline under  
 94 this section must reduce the permit fee by 10 percent for each  
 95 business day after such failure, unless the parties agree in  
 96 writing to a reasonable extension of time, the delay is caused  
 97 by the applicant, or the delay is attributable to a force  
 98 majeure or other extraordinary circumstances. Each 10 percent  
 99 reduction shall be based on the original amount of the permit  
 100 fee, unless the parties agree to an extension of time.

101 (7) By October 1, 2025, a local enforcement agency must  
 102 establish a simplified permitting process that complies with  
 103 this section.

104 Section 2. Subsection (10) of section 633.202, Florida  
 105 Statutes, is amended to read:

106 633.202 Florida Fire Prevention Code.—

107 (10) (a) Notwithstanding other provisions of this chapter,  
 108 if a county or a municipality within that county adopts an  
 109 ordinance providing for a local amendment to the Florida Fire  
 110 Prevention Code and that amendment provides a higher level of  
 111 protection to the public than the level specified in the Florida  
 112 Fire Prevention Code, the local amendment becomes effective  
 113 without approval of the State Fire Marshal and is not rescinded  
 114 pursuant to this section, provided that the ordinance meets one  
 115 or more of the following criteria:

116 1. ~~(a)~~ The local authority has adopted, by ordinance, a fire

9-00503A-25 20251078\_\_

117 service facilities and operation plan that outlines goals and  
 118 objectives for related equipment, personnel, and capital  
 119 improvement needs of the local authority related to the specific  
 120 amendment for the next 5 years;

121 ~~2.(b)~~ The local authority has adopted, by ordinance, a  
 122 provision requiring proportionate reduction in, or rebate or  
 123 waivers of, impact or other fees or assessments levied on  
 124 buildings that are built or modified in compliance with the more  
 125 stringent firesafety standards required by the local amendment;  
 126 or

127 ~~3.(e)~~ The local authority has adopted, by ordinance, a  
 128 growth management plan that requires buildings and structures to  
 129 be equipped with more stringent firesafety requirements required  
 130 by the local amendment when these firesafety requirements are  
 131 used as the basis for planning infrastructure development, uses,  
 132 or housing densities.

133 (b) If a county or municipality fails to adhere to the  
 134 requirements of this section when adopting an ordinance for a  
 135 local amendment to the Florida Fire Prevention Code, the local  
 136 amendment is rescinded immediately. If a county or municipality  
 137 continues to enforce an ordinance that has been rescinded, the  
 138 local fire marshal is subject to disciplinary action under s.  
 139 633.106.

140 (c) Except as provided in s. 633.206, the local appeals  
 141 process shall be the venue if there is a dispute between parties  
 142 affected by the provisions of the more stringent local  
 143 firesafety amendment adopted as part of the Florida Fire  
 144 Prevention Code pursuant to the authority in this subsection.  
 145 Local amendments adopted pursuant to this subsection shall be

9-00503A-25 20251078\_\_

146 deemed local or regional variations and published as such in the  
 147 Florida Fire Prevention Code. The act of publishing locally  
 148 adopted firesafety amendments to the Florida Fire Prevention  
 149 Code may not be construed to mean that the State Fire Marshal  
 150 approves or denies the authenticity or appropriateness of the  
 151 locally adopted firesafety provision, and the burden of  
 152 protecting the local firesafety amendment remains solely with  
 153 the adopting local governmental authority.

154 Section 3. Paragraph (b) of subsection (3) of section  
 155 633.312, Florida Statutes, is amended to read:

156 633.312 Inspection of fire control systems, fire hydrants,  
 157 and fire protection systems.—

158 (3)

159 (b) The State Fire Marshal shall adopt rules to implement a  
 160 uniform summary inspection report and submission procedures to  
 161 be used by all third-party vendors and local authorities having  
 162 jurisdiction. For purposes of this section, a uniform summary  
 163 inspection report must record the address at which ~~where~~ the  
 164 fire protection system or hydrant is located, the company and  
 165 person conducting the inspection and their license number, the  
 166 date of the inspection, and the fire protection system or  
 167 hydrant inspection status, including the total number of  
 168 ~~deficiencies found a brief summary of each deficiency, critical~~  
 169 ~~deficiency, noncritical deficiency, or impairment found.~~ A  
 170 contractor's detailed inspection report is not required to  
 171 follow the uniform summary inspection report format. The State  
 172 Fire Marshal shall establish by rule a submission procedure for  
 173 each means provided under paragraph (a) by which a local  
 174 authority having jurisdiction may accept uniform summary

9-00503A-25

20251078\_\_

175 inspection reports. Each of the submission procedures must allow  
176 a contractor to attach additional documents with the submission  
177 of a uniform summary inspection report, including a physical  
178 copy of the contractor's detailed inspection report. A  
179 submission procedure may not require a contractor to submit  
180 information contained within the detailed inspection report  
181 ~~unless the information is required to be included in the uniform~~  
182 ~~summary inspection report.~~

183 Section 4. This act shall take effect July 1, 2025.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 1226

INTRODUCER: Senator DiCeglie

SUBJECT: Pet Insurance and Wellness Programs

DATE: March 7, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	<b>Pre-meeting</b>
2.			AEG	
3.			FP	

---

## I. Summary:

SB 1226 creates a regulatory framework for the oversight of pet insurance by the Office of Insurance Regulation (OIR). The bill provides consumer protections, including policy disclosures regarding the benefits and exclusions, and a right to rescind a policy within 30 days of issuance.

Although pet insurance is considered a kind of property insurance, it is essentially a health insurance policy for a pet that covers accidents and illnesses. In the United States about 65 million households have a dog and 46 million have a cat, and 4.8 million cats and dogs are insured in this country.<sup>1</sup> In 2022, total, nationwide premiums for pet insurance were about \$2.8 billion and covering over 4.41 million pets.<sup>2</sup> This represents an increase of 30.5 percent more premiums than in 2020 and about 28 percent more pets insured than in 2020.<sup>3</sup>

## II. Present Situation:

### Regulation of Insurance in Florida

Chapters 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S., constitute the Florida Insurance Code (code). Part III of ch. 624, F.S., prescribes the requirements for an entity to obtain a certificate of authority and be authorized as an insurer. Part V of ch. 624, F.S., defines the kinds of insurance, including property insurance. Part I of ch. 626, F.S., regulates insurance agents, and Part III of ch. 626, F.S., regulates general lines agents. Part I of ch. 627, F.S., known as the “Rating Law,” provides that a purpose of this part is to promote the public welfare by regulating

---

<sup>1</sup> [Pet Insurance Buying Guide - Consumer Reports](#) (August 25, 2023) (Last visited March 6, 2025).

<sup>2</sup> [NAIC Passes Pet Insurance Model Act | Insurance Advocate \(insurance-advocate.com\)](#) (Sep. 10, 2022) (last visited March 6, 2025). This data was provided by North American Pet Health Insurance Association (NAPHIA).

<sup>3</sup> *Id.*

insurance rates to ensure that they may not be excessive, inadequate, or unfairly discriminatory. Part X of ch. 617, F.S., regulates property insurance.

### **Department of Financial Services**

The powers and duties of the Chief Financial Officer and the Department of Financial Services (DFS), relating to part I of ch. 626, F.S., are specified in s. 626.016, F.S. Part I, known as the “The Licensing Procedures Law,”<sup>4</sup> applies only with respect to insurance agents, insurance agencies, managing general agents, insurance adjusters, reinsurance intermediaries, viatical settlement brokers, customer representatives, service representatives, and agencies. The powers and duties of the commission and the Office of Financial Regulation (OFR) specified in Part I apply only with respect to service companies, administrators, and viatical settlement providers and contracts.

### ***Licensure of Insurance Agents***

Section 626.112, F.S., provides that no person may be, act as, or advertise or hold himself or herself out to be an insurance agent, insurance adjuster, or customer representative unless he or she is currently licensed by the DFS and appointed by an appropriate appointing entity or person. An agent is a general lines agent, life agent, health agent, or title agent, or all such agents, as indicated by context.<sup>5</sup> Part II of ch. 626, F.S., regulates general lines agents. A general lines agent is an agent transacting any of the following kinds of insurance:

- Property insurance.
- Casualty insurance.
- Surety insurance.
- Health insurance.
- Marine insurance.<sup>6</sup>

As a condition of transacting insurance in this state, agents must comply with consumer protection laws, including the following, as applicable:<sup>7</sup>

- Continuing education requirements for resident and nonresident agents, as required in s. 626.2815.
- Fingerprinting requirements for resident and nonresident agents, as required under s. 626.171 or s. 626.202.
- Fingerprinting following a department investigation under s. 626.601.
- The submission of credit and character reports, as required by s. 626.171.
- Qualifications for licensure as an agent in s. 626.731, s. 626.741, s. 626.785, s. 626.792, s. 626.831, or s. 626.835.
- Examination requirements in s. 626.221, s. 626.741, s. 626.792, or s. 626.835.
- Required licensure or registration of insurance agencies under s. 626.112.
- Requirements for licensure of resident and nonresident agents in s. 626.112, s. 626.321, s. 626.731, s. 626.741, s. 626.785, s. 626.792, s. 626.831, s. 626.835, or s. 626.927.

---

<sup>4</sup> Section 626.011, F.S.

<sup>5</sup> Section 626.015(3), F.S.

<sup>6</sup> Section 626.015(7), F.S.,

<sup>7</sup> Section 626.025, F.S.

- Countersignature of insurance policies, as required under s. 624.425, s. 624.426, or s. 626.741.
- The code of ethics for life insurance agents, as set forth in s. 626.797.
- Any other licensing requirement, restriction, or prohibition designated a consumer protection by the Chief Financial Officer, but not inconsistent with the requirements of Subtitle C of the federal Gramm-Leach-Bliley Act.

### **The Office of Insurance Regulation**

The Office of Insurance Regulation (OIR) is responsible for regulating all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the code. The head of the OIR is the Commissioner.<sup>8</sup>

### **The Unfair Insurance Trade Practices Act (Act)**

The Act<sup>9</sup> regulates trade practice relating to the business of insurance, including activities of insurers and agents. The department and the office are authorized to impose fines on any person who violates any provision of this Act.<sup>10</sup>

### **National Association of Insurance Commissioners**

The OIR is a member of the National Association of Insurance Commissioners (NAIC), an organization consisting of state insurance regulators.<sup>11</sup> As a member of the NAIC, OIR is required to participate in the organization's accreditation program.<sup>12</sup> NAIC accreditation is a certification that a state insurance department is fulfilling legal, regulatory, and organizational oversight standards and practices. Once accredited, a member state is subject to a full accreditation review every five years. The NAIC also periodically reviews its solvency standards as set forth in its model acts and revises accreditation requirements to adapt to evolving industry standards.

### ***Pet Insurance Act***

In 2022, the NAIC adopted the Pet Insurance Model Law, also known as the "Pet Insurance Act" (act).<sup>13</sup> The purpose of this act is to promote the public welfare by creating a comprehensive

---

<sup>8</sup> Section 20.121(3)(a)1, F.S. The Financial Services Commission (commission), composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, serve as the commission. Commission members serve as agency head of the Financial Services Commission. Commission members shall serve as the agency head for purposes of rulemaking by the commission. Section 20.121(3)(c), F.S.

<sup>9</sup> Part IX, ch. 626, F.S.

<sup>10</sup> *Id.*

<sup>11</sup> The NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. Founded in 1871, the U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories to coordinate regulation of multistate insurers. [About \(naic.org\)](https://naic.org) (last visited March 6, 2025).

<sup>12</sup> Accreditation, NAIC, (December 12, 2024). [https://content.naic.org/cipr\\_topics/topic\\_accreditation.htm](https://content.naic.org/cipr_topics/topic_accreditation.htm) (last visited March 6, 2025).

<sup>13</sup> [NAIC Pet Insurance Model Law\\_11921Clean \(soutrnglobal.net\)](https://www.soutrnglobal.net), Model 633 (Aug. 2022) (last visited March 6, 2024).

legal framework within which pet insurance may be sold. The elements of the act include definitions, disclosures, policy conditions, sales practices for wellness programs, agent training, rulemaking, and violations. As of the summer of 2022, only one state, Maine, had adopted the Act.<sup>14</sup> California enacted legislation to regulate pet insurance that contains provisions similar to the act, and also provides civil penalties for nonwillful violations and willful violations.<sup>15</sup>

Prior to the NAIC's approval of the model law, the following factors were cited as the impetus for NAIC to form a property and casualty insurance task force initially to review pet insurance coverage, product approval, marketing, ratemaking, claims practices, and regulatory concerns:

- Tremendous growth in the pet insurance market;
- Policy premiums that far exceed the cost of the covered pet; and
- Complex policies with multiple coverage options and exclusions.

The NAIC task force issued, *A Regulator's Guide to Pet Insurance* in 2019. The report found that in 2018:

- The largest amount of gross premium was concentrated in California (21.4 percent) and New York (10.4 percent). In contrast, Florida's represented 6.3 percent of the gross written premium.<sup>16</sup>
- The first pet policy was issued in the U.S. in 1982.
- The majority of the carriers selling policies offer the following coverage: accident only; and accident and illness.
- Most carriers write coverage for dogs and cats only. Some write policies for exotic pets, such as reptiles and birds. Many carriers exclude coverage for pets less than eight weeks old or older than 12 years.
- Some carriers have waiting periods for injury, illness, and orthopedic care. Policy exclusions were noted for preexisting conditions. Many policies exclude coverage for congenital and hereditary conditions, such as hip dysplasia, heart defects, cataracts, and diabetes.
- The most common marketing or distribution strategies were web-based marketing and referrals from veterinary clinics, friends, and families. The fastest growing form of distribution was through an employee benefit package.

Consumer Reports<sup>17</sup> conducted a member survey<sup>18</sup> of 2,061 members who insured their pets. The average premium paid by CR members was \$47 per month per pet. Depending on the plan selected, deductibles can range from \$0 to \$1,000 or more. Copays (the fixed percentage of a vet bill that is paid out of pocket) are typically 20 percent.<sup>19</sup>

---

<sup>14</sup> [ST880 \(soutronglobal.net\)](#) (last visited March 6, 2025).

<sup>15</sup> A maximum of \$5,000 for each nonwillful violation and \$10,000 for each willful violation. See California AB 2056, Chapter 986, and effective July 1, 2015. California Code of Insurance 12880-12880.4.

<sup>16</sup> NAIC, *A Regulator's Guide to Pet Insurance* (2019), [publication-pin-op-pet-insurance.pdf \(naic.org\)](#) (last visited March 6, 2024). This data was provided by NAPHIA, not the states or the NAIC. Such data includes NAPHIA members only and is not exhaustive of the entire market for pet insurance. The report notes that NAPHIA represents 99 percent of the U.S. and Canada pet insurance industry.

<sup>17</sup> [What We Do - Consumer Reports](#) (last visited March 6, 2025). Consumer Reports is an independent, nonprofit member organization that works side by side with consumers for truth, transparency, and fairness in the marketplace. Consumer Reports was founded in 1936.

<sup>18</sup> [Pet Insurance Buying Guide - Consumer Reports](#) (Aug. 25, 2023) (last visited March 6, 2025).



## Regulation of Veterinarians in Florida

### *Veterinary Medicine, the Practice of Veterinary Medicine*

In 1979, the Legislature determined the practice of veterinary medicine to be potentially dangerous to public health and safety if conducted by incompetent and unlicensed practitioners and that minimum requirements for the safe practice of veterinary medicine are necessary.<sup>20</sup> The Board of Veterinary Medicine in the Department of Business and Professional Regulation implements the provisions of ch. 474, F.S., on Veterinary Medical Practice.<sup>21</sup> A veterinarian is a health care practitioner licensed to engage in the practice of veterinary medicine in Florida under ch. 474, F.S.<sup>22</sup> In Fiscal Year 2021-2022, there were 12,360 actively licensed veterinarians in Florida.<sup>23</sup>

Veterinary medicine<sup>24</sup> includes, with respect to animals:<sup>25</sup>

- Surgery;
- Acupuncture;
- Obstetrics;
- Dentistry;
- Physical therapy;
- Radiology;
- Theriogenology (reproductive medicine);<sup>26</sup> and
- Other branches or specialties of veterinary medicine.

The practice of veterinary medicine is the diagnosis of medical conditions of animals and the prescribing, dispensing, or administering of medicine and treatment to animals for the prevention, cure, or relief of a wound, fracture, bodily injury, or disease, or holding oneself out as performing any of these functions.<sup>27</sup> Veterinarians who are incompetent or present a danger to the public are subject to discipline and may be prohibited from practicing in the state.<sup>28</sup>

---

<sup>20</sup> See s. 474.201, F.S.

<sup>21</sup> See s. 474.204 through 474.2125, F.S., concerning the powers and duties of the board.

<sup>22</sup> See s. 474.202(11), F.S.

<sup>23</sup> See Department of Business and Professional Regulation, *Division of Professions Annual Report Fiscal Year 2021-2022*, at page 18, at [Division Annual Report FY 22-23.pdf](#) (last visited March 6, 2025), which is the latest such Annual Report issued by the DBPR.

<sup>24</sup> See s. 474.202(13), F.S.

<sup>25</sup> Section 474.202(1), F.S., defines “animal” as “any mammal other than a human being or any bird, amphibian, fish, or reptile, wild or domestic, living or dead.”

<sup>26</sup> The Society for Theriogenology, established in 1954, is composed of veterinarians dedicated to standards of excellence in animal reproduction. See <https://www.therio.org/> (last visited Jan. 4, 2024).

<sup>27</sup> See s. 474.202(9), F.S. Also included is the determination of the health, fitness, or soundness of an animal, and the performance of any manual procedure for the diagnosis or treatment of pregnancy, fertility, or infertility of animals.

<sup>28</sup> See s. 474.213, F.S., on prohibited acts, and s. 474.214, F.S., on disciplinary proceedings.

### III. Effect of Proposed Changes:

**Section 1.** Amends s. 624.604, F.S., to provide that property insurance may include pet insurance that provides coverage for accidents and for illnesses of pets.

**Section 2.** Amends s. 626.9541, F.S., defining as unfair methods of competition and unfair or deceptive acts the following sales practices for pet wellness programs by pet insurance agents:

- Marketing a wellness program as pet insurance.
- Requiring the purchase of a wellness program as a prerequisite to the purchase of pet insurance;
- Wellness program costs that are not separate and identifiable from any pet insurance policy sold by the pet insurance agent;
- Wellness program terms and conditions that are not separate from any pet insurance policy sold by the pet insurance agent;
- Wellness program products or coverages that duplicate products or coverages available through the pet insurance policy; and
- Misleading advertising of the wellness program.

**Section 3.** Creates s. 627.71545, F.S., relating to pet insurance and noninsurance wellness programs. This section may be cited as the “Pet Insurance Act.” The section states that the purpose of this section is to promote the public welfare by creating a comprehensive regulatory framework within which pet insurance may be sold in this state. The section states that this chapter applies to the following:

- Pet insurance policies that are issued to any resident of this state or that are sold, solicited, negotiated, or offered in this state.
- Pet insurance policies or certificates that are delivered or issued for delivery in this state.

All other applicable provisions of the insurance laws of this state continue to apply to pet insurance except that the specific provisions of this chapter supersede any general provisions of law which would otherwise be applicable to pet insurance.

This section may not be construed to prohibit or limit the types of exclusions pet insurers may use in their policies or require pet insurers to have any of the limitations or exclusions as specified in subsection (9).

The section defines the following terms:

- “Chronic condition” means a condition that can be treated or managed, but not cured.
- “Congenital anomaly or disorder” means a condition that is present from birth, whether inherited or caused by the environment, which may cause or contribute to illness or disease.
- “Hereditary disorder” means an abnormality that is genetically transmitted from parent to offspring and may cause illness or disease.
- “Orthopedic conditions” means a condition affecting the bones, skeletal muscle, cartilage, tendons, ligaments, or joints. It includes, but is not limited to, elbow dysplasia, hip dysplasia, intervertebral disc degeneration, patellar luxation, and ruptured cranial cruciate ligaments. It does not include cancers or metabolic, hemopoietic, or autoimmune diseases.

- “Pet insurance” means a property insurance policy that provides coverage for accidents and for illnesses and diseases of pets. Such insurance reimburses a policyholder for expenses associated with medical advice, diagnosis, care, or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed by the veterinarian.
- “Pet insurance policy” or “policy” includes pet insurance certificates.
- “Preexisting condition” means a condition for which, before the effective date of a pet insurance policy or during any waiting period a veterinarian provided medical advice, the pet received previous treatment, or based on information from verifiable sources the pet had signs or symptoms directly related to the condition for which a claim is being made. A condition for which coverage is afforded on a policy is not deemed to be a preexisting condition on any renewal of the policy.
- “Renewal” means the issuance and delivery at the end of an insurance policy period of a policy that supersedes the policy previously issued and delivered by the same pet insurer or affiliated pet insurer and that provides types and limits of coverage substantially similar to those contained in the policy being superseded.
- “Veterinarian” means a health care practitioner who is licensed to engage in the practice of veterinary medicine in Florida under chapter 474, F.S.
- “Waiting period” means the period of time specified in a pet insurance policy that is required to transpire before some or all of the coverage in the policy can begin. Waiting periods may not be applied to renewals of existing coverage.
- “Wellness program” means a subscription-based or reimbursement-based program that is separate from an insurance policy which provides goods and services to promote the general health, safety, or well-being of the pet. If the subscription or program includes language such as “undertakes to indemnify another,” “pays a specified amount upon determinable contingencies,” or “provides coverage for a fortuitous event,” the subscription or program is transacting in the business of insurance and is subject to the Florida Insurance Code. This definition is not intended to classify a contract directly between a service provider and a pet owner which involves only the two parties as being the business of insurance, unless other indications of insurance also exist.

The bill specifies that when the foregoing defined terms are used in a pet insurance policy, they must be defined pursuant to the statute. The pet insurer must include any such definitions used in policies available via a clear and conspicuous link on the main page of the website of the pet insurer’s or the pet insurer’s program administrator.

The bill requires a pet insurer transacting pet insurance to disclose the following to pet insurance applicants and policyholders:

- Whether the policy excludes coverage due to a chronic condition, a congenital anomaly or disorder, a hereditary disorder, or a preexisting condition.
- If the policy includes any other policy exclusions not listed above, such other exclusions must be disclosed by including the following statement in the disclosure: “Other exclusions may apply. Please refer to the exclusions section of the policy for more information.”
- Any policy provision that limits coverage through a waiting period, a deductible, coinsurance, or an annual or lifetime policy limit. Waiting periods and the requirements applicable to them must be clearly and prominently disclosed to consumers before the policy purchase.

- Whether the pet insurer reduces coverage or increases premiums based on the policyholder's claim history, the age of the covered pet, or a change in the geographic location of the policyholder.
- Whether the underwriting company differs from the brand name used to market and sell the product.

Before issuing a pet insurance policy, a pet insurer is required to provide through a clear and conspicuous link on the main page of the pet insurer's website or the website of the insurer's program administrator, a summary description of the basis or formula for the pet insurer's determination of claim payments under the policy.

- If a pet insurer uses a benefit schedule to determine claim payments under a pet insurance policy, the insurer must clearly disclose:
  - The applicable benefit schedule in the policy; and
  - All benefit schedules used by the pet insurer under its pet insurance policies through a clear and conspicuous link on the main page of the pet insurer's or pet insurer's program administrator's website.
- If a pet insurer uses usual and customary payments to determine claims payments under a pet insurance policy, or any other reimbursement limitation based on prevailing veterinary service provider charges, the insurer must:
  - Include a usual and customary fee limitation provision in the policy which clearly describes the pet insurer's basis or formula for determining usual and customary fees and how that basis or formula is applied in calculating claim payments.
  - Disclose the pet insurer's basis for determining usual and customary fees through a clear and conspicuous link on the main page of the pet insurer's or pet insurer's program administrator's website.

If any medical examination by a veterinarian is required to effectuate coverage, the pet insurer must clearly and conspicuously disclose the required aspects of the examination before the policy is purchased and must disclose that examination documentation may result in a preexisting condition exclusion.

### **Insurer Disclosure of Important Policy Provisions**

At the time a pet insurance policy is issued or delivered to a policyholder, the pet insurer must provide the policyholder with a copy of the Insurer Disclosure of Important Policy Provisions, which provides a summary of the required disclosures. Further, the pet insurer must post the document by way of a clear and conspicuous link on the main page of the pet insurer's or pet insurer's program administrator's website. The pet insurer must also include a written disclosure with all of the following information:

- Contact information for the Division of Consumer Services of the Department of Financial Services, including a toll-free telephone number and a link.
- The address and customer service telephone number of the pet insurer or the insurance agent.

### **Right to Return Policy**

A pet insurance policy and rider must have a notice prominently printed on the first page or attached, which includes specific instructions to accomplish a return. If a policyholder decides

not to keep the policy, the policyholder must return it to the insurer at its administrative office or return it to the agent/insurance producer unless the policyholder has filed a claim. The policyholder's right to return the policies lasts 30 days after the date of receipt. The insurer must refund the full amount of any premium paid within 30 days after receipt of the returned policy, certificate, or rider. The premium refund must be sent directly to the person who paid it. The policy, certificate, or rider will be void as if it had never been issued. The notice must state in substantially form, the following:

You have 30 days from the day you receive this policy, certificate, or rider to review it and return it to the insurer if you decide not to keep it. You do not have to tell the insurer why you are returning it. If you decide not to keep it, simply return it to the insurer at its administrative office or return it to the agent or broker that you bought it from as long as you have not filed a claim. You must return the policy, certificate, or rider within 30 days after the day you first received it. The insurer will refund the full amount of any premium paid within 30 days after it receives the returned policy, certificate, or rider. The premium refund will be sent directly to the person who paid it. The policy, certificate, or rider will be void as if it had never been issued.

### **Exclusions and Waiting Periods**

The bill authorizes a pet insurer to issue a policy:

- That excludes coverage on the basis of one or more preexisting conditions with appropriate written disclosure to the applicant or policyholder. The pet insurer has the burden of proving whether a preexisting condition exclusion is applicable to a claim.
- That imposes waiting periods upon effectuation of the policy which do not exceed 30 days for illnesses, diseases or orthopedic conditions not resulting from an accident. A pet insurer may not issue policies that impose waiting periods for accidents.
  - A pet insurer that imposes a waiting period authorized in this section must waive the waiting period upon completion of a medical examination.
  - Pet insurers may require that such an examination be conducted by a licensed veterinarian after the purchase of the policy and the insurer will pay for the examination. Such an examination required by a pet insurer must be paid for by the policyholder, unless the policy specifies the pet insurer will pay for the examination.
  - A pet insurer may specify requirements for the medical examination and require documentation that such requirements were satisfied, provided the specifications do not unreasonably restrict the ability of the applicant or policyholder to waive the waiting periods.

A pet insurer may not require a medical examination by a veterinarian of the covered pet for the policyholder to renew the policy. If a pet insurer includes any prescriptive, wellness, or noninsurance benefits in the pet insurance policy, such benefits are made part of the policy and must conform to all applicable laws in the code.

### **Agent Training**

The bill provides that pet insurers must ensure that their agents are appropriately trained on the terms and conditions of their pet insurance products. Such training must include the following topics:

- Preexisting conditions and waiting periods.
- The differences between pet insurance and noninsurance wellness programs.
- Hereditary disorders, congenital anomalies or disorders, chronic conditions, and the way pet insurance policies address those conditions or disorders.
- Rating, underwriting, renewal, and other related administrative topics.

### **Rulemaking**

The bill authorizes the commission to adopt rules to administer this section.

**Section 4.** Provides the act takes effect January 1, 2026.

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

None.

### **B. Public Records/Open Meetings Issues:**

None.

### **C. Trust Funds Restrictions:**

None.

### **D. State Tax or Fee Increases:**

None.

### **E. Other Constitutional Issues:**

None.

## **V. Fiscal Impact Statement:**

### **A. Tax/Fee Issues:**

None.

### **B. Private Sector Impact:**

The increased transparency provided by the policy disclosures will provide consumers with greater information to use in comparing the costs of premiums and benefits of various pet insurance policies.

The purchase of a pet insurance may reduce the out of pocket costs a consumer incurs when a pet experiences an unexpected medical emergency.

Enactment of the bill will provide greater regulatory certainty for insurers that write such coverage in Florida.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill amends sections 624.604 and 626.9541 of the Florida Statutes.  
This bill creates section 627.71545 of the Florida Statutes.

**IX. Additional Information:**

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

By Senator DiCeglie

18-00865A-25

20251226\_\_

1 A bill to be entitled  
 2 An act relating to pet insurance and wellness  
 3 programs; amending s. 624.604, F.S.; revising the  
 4 definition of the term "property insurance" to include  
 5 a pet insurance option; amending s. 626.9541, F.S.;  
 6 providing that certain practices relating to pet  
 7 wellness programs are unfair methods of competition  
 8 and unfair or deceptive acts or practices; creating s.  
 9 627.71545, F.S.; providing a short title; providing a  
 10 purpose; providing applicability; providing  
 11 construction; defining terms; requiring pet insurers  
 12 that use such terms in their pet insurance policies to  
 13 use and include the statutory definitions in such  
 14 policies; requiring pet insurers to also make such  
 15 definitions available on their websites or their  
 16 program administrators' websites; requiring pet  
 17 insurers to make certain disclosures to pet insurance  
 18 applicants and policyholders; requiring pet insurers  
 19 to provide a summary of their bases or formulas for  
 20 determination of claim payments under a pet insurance  
 21 policy on their websites or their program  
 22 administrators' websites; requiring pet insurers to  
 23 disclose certain requirements for required medical  
 24 examinations of a pet by a veterinarian; requiring pet  
 25 insurers to create a document with a summary of  
 26 certain disclosures, to post such document on their  
 27 websites or their program administrators' websites,  
 28 and, upon issuance or delivery of a policy to a  
 29 policyholder, to provide such document to the

Page 1 of 13

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25

20251226\_\_

30 policyholder; requiring that pet insurers make certain  
 31 additional written disclosures; providing that certain  
 32 required disclosures are in addition to disclosures  
 33 required by the Florida Insurance Code or the  
 34 Financial Services Commission rules; authorizing pet  
 35 insurance applicants and policyholders to examine and  
 36 return insurance policies and riders under certain  
 37 circumstances; requiring that premiums be refunded  
 38 under certain circumstances; requiring that pet  
 39 insurance policies and riders have a specified notice  
 40 printed on or attached to the first page; authorizing  
 41 pet insurers to issue policies that exclude coverage  
 42 on the basis of preexisting conditions with  
 43 appropriate written disclosure to the applicant or  
 44 policyholder; providing that pet insurers have a  
 45 specified burden of proof with regard to such  
 46 exclusions; authorizing pet insurers to issue new  
 47 policies that impose a waiting period of up to a  
 48 specified period of time for specified illnesses,  
 49 diseases, or conditions; prohibiting pet insurers from  
 50 issuing policies imposing a waiting period for  
 51 accidents; requiring pet insurers that issue a policy  
 52 that imposes a waiting period to include a provision  
 53 allowing for waiver of the waiting period upon  
 54 completion of a medical examination of the covered pet  
 55 by a veterinarian; authorizing pet insurers to require  
 56 that an examination be conducted by a veterinarian  
 57 after the purchase of the policy; providing  
 58 requirements and authorizations relating to such

Page 2 of 13

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



18-00865A-25

20251226\_\_

59 examination; prohibiting a pet insurer from requiring  
 60 a medical examination of the covered pet to renew a  
 61 policy; requiring that certain benefits comply with  
 62 certain provisions of the Florida Insurance Code;  
 63 prohibiting insurance applicants' eligibility from  
 64 being based on participation or lack of participation  
 65 in wellness programs; requiring pet insurers to ensure  
 66 that their agents are trained on specified topics;  
 67 providing rulemaking authority; providing an effective  
 68 date.

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

72 Section 1. Section 624.604, Florida Statutes, is amended to  
 73 read:

74 624.604 "Property insurance" defined.—"Property insurance"  
 75 is insurance on real or personal property of every kind and of  
 76 every interest therein, whether on land, water, or in the air,  
 77 against loss or damage from any and all hazard or cause, and  
 78 against loss consequential upon such loss or damage, other than  
 79 noncontractual legal liability for any such loss or damage.  
 80 Property insurance may include pet insurance that provides  
 81 coverage for accidents and for illnesses of pets. Property  
 82 insurance may contain a provision for accidental death or injury  
 83 as part of a multiple peril homeowner's policy. Such insurance,  
 84 which is incidental to the property insurance, is not subject to  
 85 the provisions of this code applicable to life or health  
 86 insurance. Property insurance does not include title insurance,  
 87 as defined in s. 624.608.

Page 3 of 13

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25

20251226\_\_

88 Section 2. Paragraph (hh) is added to subsection (1) of  
 89 section 626.9541, Florida Statutes, to read:

90 626.9541 Unfair methods of competition and unfair or  
 91 deceptive acts or practices defined.—

92 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE  
 93 ACTS.—The following are defined as unfair methods of competition  
 94 and unfair or deceptive acts or practices:

95 (hh) Sales practices for pet wellness programs.—

96 1. A pet insurance agent may not market a wellness program  
 97 as pet insurance.

98 2. If a wellness program is sold by a pet insurance agent:

99 a. The purchase of the wellness program may not be a  
 100 prerequisite to the purchase of pet insurance;

101 b. The costs of the wellness program must be separate and  
 102 identifiable from any pet insurance policy sold by the pet  
 103 insurance agent;

104 c. The terms and conditions of the wellness program must be  
 105 separate from any pet insurance policy sold by the agent;

106 d. The products or coverages available through the wellness  
 107 program may not duplicate the products or coverages available  
 108 through the pet insurance policy; and

109 e. The advertising of the wellness program must not be  
 110 misleading.

111 Section 3. Section 627.71545, Florida Statutes, is created  
 112 to read:

113 627.71545 Pet insurance; noninsurance wellness programs.—

114 (1) This section may be cited as the "Pet Insurance Act."

115 (2) The purpose of this section is to promote the public  
 116 welfare by creating a comprehensive regulatory framework within

Page 4 of 13

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25

20251226\_\_

117 which pet insurance may be sold in this state.

118 (3) This section applies to all of the following:

119 (a) Pet insurance policies that are issued to any resident  
 120 of this state or that are sold, solicited, negotiated, or  
 121 offered in this state.

122 (b) Pet insurance policies or certificates that are  
 123 delivered or issued for delivery in this state.

124 (4) (a) This section may not be construed to prohibit or  
 125 limit the types of exclusions pet insurers may use in their  
 126 policies or to require pet insurers to include in such policies  
 127 any of the limitations or exclusions specified in subsection  
 128 (9).

129 (b) All other applicable provisions of the Florida  
 130 Insurance Code apply to pet insurance, except that this section  
 131 supersedes any general provisions of the Florida Insurance Code  
 132 which otherwise apply to pet insurance.

133 (5) (a) As used in this section, the term:

134 1. "Chronic condition" means a condition that can be  
 135 treated or managed, but not cured.

136 2. "Congenital anomaly or disorder" means a condition that  
 137 is present from birth, whether inherited or caused by the  
 138 environment, and which may cause or contribute to illness or  
 139 disease.

140 3. "Hereditary disorder" means an abnormality that is  
 141 genetically transmitted from parent to offspring and may cause  
 142 illness or disease.

143 4. "Orthopedic conditions" means a condition that affects  
 144 the bones, skeletal muscle, cartilage, tendons, ligaments, or  
 145 joints. The term includes, but is not limited to, elbow

18-00865A-25

20251226\_\_

146 dysplasia, hip dysplasia, intervertebral disc degeneration,  
 147 patellar luxation, and cranial cruciate ligament rupture, but  
 148 does not include cancer or any metabolic, hematopoietic, or  
 149 autoimmune disease.

150 5. "Pet insurance" means an insurance policy that provides  
 151 coverage for accidents and for illnesses and diseases of pets.  
 152 Such insurance reimburses a policyholder for expenses associated  
 153 with medical advice, diagnosis, care, or treatment provided by a  
 154 veterinarian, including, but not limited to, the cost of drugs  
 155 prescribed by the veterinarian.

156 6. "Pet insurance policy" or "policy" includes pet  
 157 insurance certificates.

158 7. "Preexisting condition" means a condition for which any  
 159 of the following is true before the effective date of or during  
 160 a waiting period applicable to a pet insurance policy:

161 a. A veterinarian provided medical advice.

162 b. The pet received previous treatment.

163 c. Based on information from verifiable sources, the pet  
 164 had signs or symptoms directly related to the condition for  
 165 which a claim is being made.

166 A condition for which coverage is afforded on a policy is not  
 167 deemed to be a preexisting condition on any renewal of the  
 168 policy.

169 8. "Renewal" means the issuance and delivery at the end of  
 170 an insurance policy period of a policy that supersedes the  
 171 policy previously issued and delivered by the same pet insurer  
 172 or affiliated pet insurer and that provides types and limits of  
 173 coverage substantially similar to those contained in the policy  
 174

18-00865A-25

20251226\_\_

175 being superseded.

176 9. "Veterinarian" means a health care practitioner who is  
 177 licensed to engage in the practice of veterinary medicine in  
 178 this state under chapter 474.

179 10. "Waiting period" means the period of time specified in  
 180 a pet insurance policy which is required to run before some or  
 181 all of the coverage in the policy may begin. This period may not  
 182 be applied to renewals of existing coverage.

183 11. "Wellness program" means a subscription or  
 184 reimbursement-based program that is separate from an insurance  
 185 policy and that provides goods and services to promote the  
 186 general health, safety, or well-being of the covered pet. If the  
 187 subscription or program includes language such as "undertakes to  
 188 indemnify another," "pays a specified amount upon determinable  
 189 contingencies," or "provides coverage for a fortuitous event,"  
 190 the subscription or program is transacting in the business of  
 191 insurance and is subject to the Florida Insurance Code. This  
 192 definition is not intended to classify a contract directly  
 193 between a service provider and a pet owner which involves only  
 194 the two parties as being the business of insurance, unless other  
 195 indications of insurance also exist.

196 (b) If a pet insurer uses any of the terms defined in  
 197 paragraph (a) in a pet insurance policy, the pet insurer must  
 198 use the definition of each term as provided in paragraph (a) and  
 199 must include such definition in the policy. The pet insurer must  
 200 also make such definitions available through a clear and  
 201 conspicuous link on the main page of the website of the pet  
 202 insurer or the pet insurer's program administrator.

203 (6) (a) A pet insurer transacting pet insurance must

18-00865A-25

20251226\_\_

204 disclose the following to pet insurance applicants and  
 205 policyholders:

206 1. Whether the policy excludes coverage due to any of the  
 207 following:

208 a. A chronic condition;

209 b. A congenital anomaly or disorder;

210 c. A hereditary disorder; or

211 d. A preexisting condition.

212 2. If the policy includes any other exclusions not listed  
 213 in subparagraph 1., the following information in a statement in  
 214 the disclosure: "Other exclusions may apply. Please refer to the  
 215 exclusions section of the policy for more information."

216 3. Any policy provision that limits coverage through a  
 217 waiting period, a deductible, a coinsurance payment, or an  
 218 annual or lifetime policy limit. Waiting periods and applicable  
 219 requirements must be clearly and prominently disclosed to  
 220 applicants before the policy purchase.

221 4. Whether the pet insurer reduces coverage or increases  
 222 premium based on the policyholder's claims history, the age of  
 223 the covered pet, or a change in the geographic location of the  
 224 policyholder.

225 5. Whether the underwriting company differs from the brand  
 226 name used to market and sell the pet insurance.

227 (b) Before issuing a pet insurance policy, a pet insurer  
 228 shall, through a clear and conspicuous link on the main page of  
 229 the pet insurer's website or the website of the pet insurer's  
 230 program administrator, provide a summary description of the  
 231 basis or formula for the pet insurer's determination of claim  
 232 payments under the policy.

18-00865A-25

20251226\_\_

233 1. A pet insurer that uses a benefit schedule to determine  
 234 claim payments under a pet insurance policy must clearly  
 235 disclose both of the following:

236 a. The applicable benefit schedule in the policy.  
 237 b. All benefit schedules used by the pet insurer under its  
 238 pet insurance policies through a clear and conspicuous link on  
 239 the main page of the pet insurer's or pet insurer's program  
 240 administrator's website.

241 2. A pet insurer that determines claim payments under a pet  
 242 insurance policy based on usual and customary fees, or any other  
 243 reimbursement limitation based on prevailing veterinary service  
 244 provider charges, shall do both of the following:

245 a. Include a usual and customary fee limitation provision  
 246 in the policy which clearly describes the pet insurer's basis or  
 247 formula for determining usual and customary fees and the manner  
 248 in which that basis or formula is applied in calculating claim  
 249 payments.

250 b. Disclose the pet insurer's basis for determining usual  
 251 and customary fees through a clear and conspicuous link on the  
 252 main page of the pet insurer's or pet insurer's program  
 253 administrator's website.

254 (c) If any medical examination of the pet by a veterinarian  
 255 is required to effectuate coverage, the pet insurer must clearly  
 256 and conspicuously disclose such requirement before the policy is  
 257 purchased and must disclose that examination documentation may  
 258 result in a preexisting condition exclusion.

259 (d) A pet insurer shall create a summary of all policy  
 260 disclosures required in paragraphs (a), (b), and (c) in a  
 261 separate document entitled "Insurer Disclosure of Important

Page 9 of 13

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25

20251226\_\_

262 Policy Provisions." The pet insurer shall post the document  
 263 through a clear and conspicuous link on the main page of the pet  
 264 insurer's website or the website of the pet insurer's program  
 265 administrator's.

266 (e) At the time a pet insurance policy is issued or  
 267 delivered to a policyholder, the pet insurer shall provide the  
 268 policyholder with a copy of the Insurer Disclosure of Important  
 269 Policy Provisions document required under paragraph (d), in at  
 270 least 12-point type. At such time, the pet insurer shall also  
 271 include a written disclosure with all of the following:

272 1. Contact information for the Division of Consumer  
 273 Services of the department, including a link and toll-free  
 274 telephone number, for consumers to submit inquiries and  
 275 complaints relating to pet insurance products regulated by the  
 276 department or office.

277 2. The address and customer service telephone number of the  
 278 pet insurance agent.

279 (f) The disclosures required in this subsection are in  
 280 addition to any other disclosures required by the Florida  
 281 Insurance Code or rules prescribed by the commission.

282 (7) Unless the policyholder has filed a claim under the pet  
 283 insurance policy, a pet insurance applicant or policyholder may  
 284 examine and return the policy or rider to the pet insurer or pet  
 285 insurance agent or broker within 30 days after the applicant or  
 286 policyholder obtains the receipt and is entitled to the premium  
 287 refunded if, after examining the policy or rider, he or she is  
 288 not satisfied for any reason.

289 (8) A pet insurance policy and rider must have a notice  
 290 prominently printed on or attached to the first page which

Page 10 of 13

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25 20251226\_\_

291 includes specific instructions to accomplish a return, in type  
 292 at least as large as any type appearing on the policy or rider  
 293 contract and in substantially the following language:

294  
 295 You have 30 days after the date you receive this  
 296 policy, certificate, or rider to review and return it  
 297 to the company if you decide not to keep it. You do  
 298 not have to tell the company why you are returning it.  
 299 If you decide not to keep policy, certificate, or  
 300 rider, simply return it to the company at the  
 301 company's administrative office, or to the insurance  
 302 agent or broker from whom you bought it, as long as  
 303 you have not filed a claim. You must return the  
 304 policy, certificate, or rider within 30 days after the  
 305 day you first receive it in order to receive a refund.  
 306 The company must refund the full amount of any premium  
 307 paid within 30 days after it receives the returned  
 308 policy, certificate, or rider. The premium refund will  
 309 be sent directly to the person who paid it. The  
 310 policy, certificate, or rider will be void as if it  
 311 had never been issued.

312  
 313 (9) (a) A pet insurer may issue a policy that excludes  
 314 coverage on the basis of one or more preexisting conditions with  
 315 appropriate written disclosure to the applicant or policyholder.  
 316 The pet insurer has the burden of proving that the preexisting  
 317 condition exclusion applies to the condition for which a claim  
 318 is being made.

319 (b)1. A pet insurer may issue a new policy imposing a

Page 11 of 13

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25 20251226\_\_

320 waiting period that does not exceed 30 days after effectuation  
 321 of coverage for illnesses or diseases or for orthopedic  
 322 conditions not resulting from an accident. A pet insurer may not  
 323 issue a policy imposing a waiting period for accidents.

324 2. A pet insurer issuing a policy that imposes a waiting  
 325 period must include a provision in its contract which allows the  
 326 waiting period to be waived upon completion of a medical  
 327 examination of the pet by a veterinarian. The pet insurer may  
 328 require the examination to be conducted by a veterinarian after  
 329 the purchase of the policy.

330 a. A medical examination required under this subparagraph  
 331 must be paid for by the policyholder, unless the policy  
 332 specifies that the pet insurer will pay for the examination.

333 b. A pet insurer may specify requirements for the  
 334 examination and require documentation that the requirements have  
 335 been satisfied, provided that the specifications do not  
 336 unreasonably restrict the ability of the applicant or  
 337 policyholder to waive the waiting period.

338 (c) A pet insurer may not require a medical examination of  
 339 the covered pet for the policyholder to renew a policy.

340 (d) If a pet insurer includes any prescriptive, wellness,  
 341 or noninsurance benefit in the policy form, the benefit is made  
 342 part of the policy contract and must comply with all of the  
 343 applicable provisions of the Florida Insurance Code.

344 (e) An applicant's eligibility to purchase a pet insurance  
 345 policy may not be based on his or her participation, or lack of  
 346 participation, in a separate wellness program.

347 (10) (a) A pet insurer must ensure that its agents are  
 348 trained on the topics specified in paragraph (b) and that its

Page 12 of 13

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

18-00865A-25

20251226\_\_

349 agents have been appropriately trained on the coverages and  
350 conditions of its pet insurance products.

351 (b) The training required under this subsection must  
352 include information on all of the following topics:

353 1. Preexisting conditions and waiting periods.

354 2. The differences between pet insurance and noninsurance  
355 wellness programs.

356 3. Chronic conditions, congenital anomalies or disorders,  
357 and hereditary disorders and the way pet insurance policies  
358 address those conditions or disorders.

359 4. Rating, underwriting, renewal, and other related  
360 administrative topics.

361 (11) The commission may adopt rules necessary to administer  
362 this section.

363 Section 4. This act shall take effect January 1, 2026.