

Committee on Banking and Insurance

CS/HB 1549 — Financial Services

by Insurance & Banking Subcommittee and Rep. Maggard and others (CS/CS/SB 1612 by Fiscal Policy Committee; Banking and Insurance Committee; and Senator Grall)

The bill amends the financial institutions codes, revises the definition of a control person of a money services business, and amends requirements for insurance coverage to be exported to (written by) a surplus lines insurer.

Financial Institutions Code

The bill amends the financial institutions codes by:

- Changing the due dates by which time a financial institution must pay semiannual assessments to March 31 and September 30 and specifying the method of when such assessments must be made.
- Authorizing the Office of Financial Regulation (OFR) to issue a certificate of acquisition to an acquiring financial institution after completing the plan and submitting any evidence required by the OFR to confirm the transaction's completion.
- Authorizing a credit union elected officer, director, or committee member to be reimbursed for necessary expenses incidental to performing official business.
- Repealing the requirement for credit unions to maintain a regular reserve and modifies the definition of the term "equity" to remove reference to "regular reserve."
- Removing a timeframe for completing the stock offering and filing a final list of subscribers to the OFR by directors of a proposed new bank or trust company.
- Modifying the period in which a proposed bank or trust company must open and conduct a general commercial bank or trust company business.

Money Services Businesses

The bill narrows the definition of "control person" of a money services business (MSB) to a shareholder who directly or indirectly has the power to vote 25 percent or more, or to sell or direct the sale of 25 percent or more, of a class of voting securities, instead of defining "control person" as any shareholder who owns 25 percent or more of a class of the company's equity securities. This will result in:

- Fewer shareholders being subject to fingerprints as an MSB licensing application requirement.
- Eliminating reporting to the OFR when a person obtains 25 percent or more of the non-voting securities of an MSB.
- Eliminating the authority of the OFR to take regulatory action against an MSB license when a person acquires 25 percent or more of the nonvoting securities of the MSB when such person has been convicted of a:
 - Felony involving fraud, moral turpitude, or dishonest dealing;
 - Money laundering under 18 USC 1956 or violating federal reporting requirements under 31 USC 5324; or

- Misappropriation, conversion, or unlawful withholding of funds.

Surplus Lines Insurers

The bill removes current requirements regarding the eligibility of insurance coverage to be exported to (written by) a surplus lines insurer. The bill eliminates the requirements that the full amount of the surplus lines insurance policy must not be procurable from an insurer authorized to transact and that is actually writing that kind and class of insurance after the retail or producing agent's "diligent effort," and that the amount of insurance exported to a surplus lines policy must be only the excess over the amount procurable from authorized insurers.

As a result of the deleted requirements, surplus lines agents need not verify that a "diligent effort" has been made by requiring a properly documented statement of diligent effort from the retail or producing agent and by seeking coverage from and having been rejected by a specified number of authorized insurers currently writing this type of coverage and documenting these rejections. The repeal of the diligent effort requirement results in eliminating the requirement that the surplus lines agent's reliance on the diligent effort must be reasonable in the circumstances, and such reasonableness must be based on several specified factors.

The bill adds additional language to the required disclosure that an agent must give to an insured when exporting coverage to a surplus lines insurer. The additional disclosure is that surplus lines insurers' policy rates and forms are not approved by any Florida regulatory agency. The bill establishes a presumption that the insured has been informed and knows that other insurance coverage may be available if the insured acknowledges such disclosure by signature.

The bill repeals rulemaking authority for the Financial Services Commission (FSC) to declare eligible for export generally to surplus lines any class or classes of insurance coverage or risk for which it finds that there is no reasonable or adequate market among authorized insurers, and the provisions for which such rulemaking authority does not apply.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect July 1, 2025.

Vote: Senate 36-1; House 114-0