



1 administrative rules of the Office of Chief  
2 Financial Officer under certain circumstances;  
3 providing for preservation of validity of  
4 judicial or administrative actions involving  
5 such departments; providing for substitution of  
6 certain parties in interest in such actions;  
7 creating the Office of Transition Management;  
8 specifying powers and duties thereof; providing  
9 for appropriations; requiring reports to the  
10 Governor and the Legislature; directing the  
11 Division of Statutory Revision to prepare  
12 proposed substantive legislation by a certain  
13 time for certain purposes; repealing ss. 20.12  
14 and 20.13, F.S., relating to the Department of  
15 Banking and Finance and the Department of  
16 Insurance, respectively; providing effective  
17 dates.

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

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21 Section 1. Effective January 7, 2003, subsection (3)  
22 of section 20.04, Florida Statutes, is amended to read:

23 20.04 Structure of executive branch.--The executive  
24 branch of state government is structured as follows:

25 (3) For their internal structure, all departments,  
26 except for the Department of Insurance and Financial Services  
27 ~~Banking and Finance~~, the Department of Children and Family  
28 Services, the Department of Corrections, the Department of  
29 Management Services, the Department of Revenue, and the  
30 Department of Transportation, must adhere to the following  
31 standard terms:

1 (a) The principal unit of the department is the  
2 "division." Each division is headed by a "director."

3 (b) The principal unit of the division is the  
4 "bureau." Each bureau is headed by a "chief."

5 (c) The principal unit of the bureau is the "section."  
6 Each section is headed by an "administrator."

7 (d) If further subdivision is necessary, sections may  
8 be divided into "subsections," which are headed by  
9 "supervisors."

10 Section 2. Section 20.121, Florida Statutes, is  
11 created to read:

12 20.121 Office of Chief Financial Officer.--Effective  
13 January 7, 2003, there is created the Office of Chief  
14 Financial Officer. The head of the office is the Chief  
15 Financial Officer. Pursuant to s. 4, Art. IV of the State  
16 Constitution, the duties of the Chief Financial Officer are to  
17 serve as the chief fiscal officer of the state, to settle and  
18 approve accounts against the state, and to keep all state  
19 funds and securities. The Chief Financial Officer is also the  
20 administrator of the Government Employees Deferred  
21 Compensation Plan and is responsible for carrying out laws  
22 relating to unclaimed property and security for public  
23 deposits.

24 Section 3. Section 20.131, Florida Statutes, is  
25 created to read:

26 20.131 Department of Insurance and Financial  
27 Services.--Effective January 7, 2003, there is created the  
28 Department of Insurance and Financial Services. The Governor  
29 and Cabinet shall serve as head of the department.

30 (1) EXECUTIVE DIRECTOR.--The executive director of the  
31 Department of Insurance and Financial Services is the chief

1 administrator of the department and shall be appointed by the  
2 Governor and Cabinet, subject to confirmation by the Senate.  
3 The executive director serves at the pleasure of the Governor  
4 and Cabinet. The functions of the executive director are  
5 limited to personnel, administrative, and budgetary matters,  
6 including administrative coordination of issues that affect  
7 areas under the offices of more than one commissioner and  
8 coordination of legislative activities.

9 (2) DEPARTMENTAL STRUCTURE.--The Governor and Cabinet,  
10 as head of the Department of Insurance and Financial Services,  
11 shall adopt rules establishing the organizational structure of  
12 the department. It is the intent of the Legislature to provide  
13 the Governor and Cabinet with the flexibility to organize the  
14 department in any manner they determine appropriate to promote  
15 both efficiency and accountability, subject to the following  
16 requirements:

17 (a) The major structural unit of the department is the  
18 "office." Each office is headed by a "commissioner." The  
19 offices are established as follows:

20 1. Office of the Commissioner of Insurance.--The  
21 Office of the Commissioner of Insurance is responsible for all  
22 activities relating to the regulation of insurance, insurance  
23 fraud, and state government risk management. The head of the  
24 office is the Commissioner of Insurance, who is also the State  
25 Fire Marshal.

26 2. Office of the Commissioner of Financial  
27 Institutions.--The Office of the Commissioner of Financial  
28 Institutions is responsible for all activities relating to the  
29 regulation of banks, credit unions, other financial  
30 institutions, and finance companies. The head of the office is  
31 the Commissioner of Financial Institutions. The office

1 includes the Division of Financial Investigations, which is  
2 headed by a director who is appointed by and serves at the  
3 pleasure of the commissioner.

4 3. Office of the Commissioner of Securities.--The  
5 Office of the Commissioner of Securities is responsible for  
6 all activities relating to the regulation of securities. The  
7 head of the office is the Commissioner of Securities.

8 (b)1. For purposes of chapter 120, each commissioner  
9 is the agency head for all units within that commissioner's  
10 jurisdiction, as provided in paragraph (a) and rules adopted  
11 pursuant to this subsection, except as provided in  
12 subparagraph 2. Each commissioner shall be responsible for,  
13 and take final agency action related to, the implementation  
14 and enforcement of all statutes and the adoption,  
15 implementation, and enforcement of all rules within the  
16 regulatory authority delegated to that commissioner's office.

17 2. A commissioner, upon adopting a rule under chapter  
18 120, shall provide a copy of the rule to the Governor and  
19 Cabinet. Within the first 30 days after adoption of the rule,  
20 the Governor and Cabinet may, by majority vote, decide to  
21 review the rule, in which event operation of the rule is  
22 temporarily stayed. The Governor and Cabinet may decide, by  
23 majority vote, either to allow the rule to take effect as  
24 adopted or to disapprove the rule. If the Governor and Cabinet  
25 fail to take final action on the rule within 30 days after  
26 voting to review the rule, the rule shall take effect as  
27 adopted. This subparagraph does not apply to emergency rules.

28 (3) APPOINTMENT AND QUALIFICATIONS OF  
29 COMMISSIONERS.--Each commissioner shall be appointed by, and  
30 shall serve at the pleasure of, the executive director.  
31 Appointment of a commissioner is subject to the approval of

1 the Governor and Cabinet. The minimum qualifications of the  
2 commissioners are as follows:

3 (a) Prior to appointment as commissioner, the  
4 Commissioner of Insurance must have had, within the previous  
5 10 years, at least 5 years of experience as a senior officer  
6 of an insurer as defined in s. 624.03, as a senior officer of  
7 an insurance agency as defined in s. 626.094, or as a senior  
8 examiner or other senior employee of a state or federal agency  
9 having regulatory responsibility over insurers or insurance  
10 agencies.

11 (b) Prior to appointment as commissioner, the  
12 Commissioner of Financial Institutions must have had, within  
13 the previous 10 years, at least 5 years of experience as a  
14 senior officer of a financial institution as defined in s.  
15 655.005(1) or of a finance company, or as a senior examiner or  
16 other senior employee of a state or federal agency having  
17 regulatory responsibility over financial institutions or  
18 finance companies.

19 (c) Prior to appointment as commissioner, the  
20 Commissioner of Securities must have had, within the previous  
21 10 years, at least 5 years of experience as a senior officer  
22 of a securities company or as a senior examiner or other  
23 senior employee of a state or federal agency having regulatory  
24 responsibility over securities.

25 Section 4. Transfers.--

26 (1) TRANSFERS TO THE OFFICE OF CHIEF FINANCIAL  
27 OFFICER.--

28 (a) All powers, duties, functions, rules, records,  
29 personnel, property, and unexpended balances of  
30 appropriations, allocations, and other funds of the Office of  
31 the Comptroller;

1           (b) All powers, duties, functions, rules, records,  
2 personnel, property, and unexpended balances of  
3 appropriations, allocations, and other funds of the Department  
4 of Banking and Finance that relate to the constitutional  
5 functions of the Comptroller or to duties relating to  
6 unclaimed property;

7           (c) All powers, duties, functions, rules, records,  
8 personnel, property, and unexpended balances of  
9 appropriations, allocations, and other funds of the Office of  
10 the Treasurer, including the Government Employees Deferred  
11 Compensation Plan and duties relating to security for public  
12 deposits; and

13           (d) All powers, duties, functions, rules, records,  
14 personnel, property, and unexpended balances of  
15 appropriations, allocations, and other funds of the Department  
16 of Insurance that relate to the constitutional functions of  
17 the Treasurer

18  
19 are transferred by a type two transfer, as defined in s.  
20 20.06(2), Florida Statutes, to the Office of Chief Financial  
21 Officer.

22           (2) TRANSFERS TO THE DEPARTMENT OF INSURANCE AND  
23 FINANCIAL SERVICES.--

24           (a) All powers, duties, functions, rules, records,  
25 personnel, property, and unexpended balances of  
26 appropriations, allocations, and other funds of the Department  
27 of Banking and Finance not otherwise transferred by this act;  
28 and

29           (b) All powers, duties, functions, rules, records,  
30 personnel, property, and unexpended balances of  
31

1 appropriations, allocations, and other funds of the Department  
2 of Insurance not otherwise transferred by this act

3  
4 are transferred by a type two transfer, as defined in s.  
5 20.06(2), Florida Statutes, to the Department of Insurance and  
6 Financial Services.

7 (3) This section shall take effect January 7, 2003.

8 Section 5. Effective January 7, 2003, the  
9 administrative rules of the Department of Banking and Finance  
10 and of the Department of Insurance that were in effect  
11 immediately prior to January 7, 2003, shall become rules of  
12 the Department of Insurance and Financial Services and shall  
13 remain in effect until specifically changed in the manner  
14 provided by law. However, any such rules that relate to the  
15 constitutional functions of the Comptroller or the Treasurer  
16 shall instead become rules of the Office of Chief Financial  
17 Officer and shall remain in effect until amended or repealed  
18 in the manner provided by law.

19 Section 6. This act shall not affect the validity of  
20 any judicial or administrative action involving the Department  
21 of Banking and Finance or the Department of Insurance pending  
22 on January 7, 2003, and the Department of Insurance and  
23 Financial Services shall be substituted as a party in interest  
24 in any such action. However, if the action involves the  
25 constitutional functions of the Comptroller or Treasurer, the  
26 Office of Chief Financial Officer shall instead be substituted  
27 as a party in interest.

28 Section 7. Transitional provisions.--

29 (1) The office of executive director of the Department  
30 of Insurance and Financial Services is created effective  
31 August 1, 2001. The Governor and Cabinet shall, no later than



1 August 1, 2001, appoint a person pursuant to s. 20.131(1),  
2 Florida Statutes, to serve as the executive director of the  
3 department. Until the creation of the department takes effect  
4 on January 7, 2003, the executive director shall serve as the  
5 head of the Office of Transition Management under subsection  
6 (2).

7 (2)(a) There is created the Office of Transition  
8 Management. The office shall function independently but shall  
9 for administrative purposes be treated as an office of the  
10 Executive Office of the Governor.

11 (b) The head of the office is the executive director  
12 appointed pursuant to subsection (1).

13 (c) The office shall manage the transition to the new  
14 Department of Insurance and Financial Services and the new  
15 Office of Chief Financial Officer. The management duties of  
16 the office include, but are not limited to:

17 1. Assuring that the offices of Commissioner of  
18 Insurance, Commissioner of Financial Institutions,  
19 Commissioner of Securities, and all senior management  
20 positions are occupied by qualified persons no later than  
21 January 7, 2003.

22 2. Providing recommendations to the Legislature no  
23 later than January 1, 2002, as to statutory changes that are  
24 necessary or desirable to implement a successful transition.

25 3. Providing a report that specifies, on a  
26 position-by-position basis, those positions that are subject  
27 to transfer to the Office of Chief Financial Officer under  
28 this act. Except as revised by the General Appropriations Act  
29 or other legislation, the report under this subparagraph shall  
30 be used to determine which positions within the Department of  
31 Banking and Finance or the Department of Insurance will become

1 positions within the Office of Chief Financial Officer, and  
2 which positions will become positions within the Department of  
3 Insurance and Financial Services, on January 7, 2003. The  
4 office shall provide the report to the Governor, the President  
5 of the Senate, the Speaker of the House of Representatives,  
6 and the chair of each fiscal committee or council of the  
7 Senate and the House of Representatives.

8 4. Taking action in advance on personnel, purchasing,  
9 and administrative matters.

10 5. Submitting to the Governor and Cabinet a proposed  
11 organizational plan for the Department of Insurance and  
12 Financial Services and revisions thereto, which plans and  
13 revisions the Governor and Cabinet may adopt by rule.

14 6. Providing status reports and other information as  
15 requested by members or staff of the Legislature.

16 (d) The Department of Banking and Finance, the  
17 Department of Insurance, the Office of the Comptroller, and  
18 the Office of the Treasurer shall fully cooperate with the  
19 Office of Transition Management and shall promptly provide the  
20 office with any requested information.

21 (e)1. Funding for the Office of Transition Management  
22 shall be as provided in the General Appropriations Act.

23 2. As provided in s. 216.351, Florida Statutes,  
24 notwithstanding any provision of law to the contrary, the  
25 Legislature may appropriate equal amounts from the Financial  
26 Institutions Trust Fund of the Department of Banking and  
27 Finance and the Insurance Commissioner's Regulatory Trust Fund  
28 of the Department of Insurance to fund the activities of the  
29 Office of Transition Management.

30 Section 8. No later than January 31, 2002, the  
31 Division of Statutory Revision of the Office of Legislative

1 Services, in consultation with the appropriate substantive  
2 committee staffs of the Senate and the House of  
3 Representatives, shall submit to the President of the Senate  
4 and the Speaker of the House of Representatives proposed  
5 substantive legislation to conform the Florida Statutes to the  
6 provisions of this act. The proposed legislation shall include  
7 provisions:

8 (1) Changing the term "Comptroller" or "Treasurer" to  
9 "Chief Financial Officer" with respect to functions of the  
10 Chief Financial Officer.

11 (2) Changing references to the Department of Banking  
12 and Finance and the Department of Insurance to the Department  
13 of Insurance and Financial Services, except with respect to  
14 functions of the Chief Financial Officer.

15 (3) Otherwise conforming the Florida Statutes to the  
16 abolition of the offices of Comptroller and Treasurer, the  
17 creation of the Office of Chief Financial Officer, the  
18 abolition of the Department of Banking and Finance and the  
19 Department of Insurance, the creation of the Department of  
20 Insurance and Financial Services, and the creation of the  
21 offices of Commissioner of Insurance, Commissioner of  
22 Financial Institutions, and Commissioner of Securities within  
23 the Department of Insurance and Financial Services.

24 Section 9. Effective January 7, 2003, sections 20.12  
25 and 20.13, Florida Statutes, are repealed.

26 Section 10. Except as otherwise provided herein, this  
27 act shall take effect upon becoming a law.

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HOUSE SUMMARY

Creates the Department of Insurance and Financial Services and repeals the present Department of Banking and Finance and the Department of Insurance. Provides a phase-in period until January 7, 2003. See bill for details.