

By the Committee on State Administration and  
Representatives Waters, Flanagan and Brummer

1                                   A bill to be entitled  
2           An act relating to governmental reorganization;  
3           amending s. 20.04, F.S.; providing an exception  
4           to departmental structure requirements;  
5           deleting reference to the Department of Banking  
6           and Finance and substituting the Department of  
7           Insurance and Financial Services; creating s.  
8           20.121, F.S.; creating the Office of Chief  
9           Financial Officer; providing duties; creating  
10          s. 20.131, F.S.; creating the Department of  
11          Insurance and Financial Services; providing for  
12          an executive director; providing for  
13          departmental structure; creating the Offices of  
14          Commissioner of Insurance and Commissioner of  
15          Financial Services; providing for appointment  
16          and specifying qualifications for each  
17          commissioner; providing jurisdiction for each  
18          commissioner's office; transferring certain  
19          powers, duties, functions, rules, records,  
20          personnel, property, and unexpended balances of  
21          appropriations, allocations, and other funds to  
22          the Office of Chief Financial Officer and the  
23          Department of Insurance and Financial Services;  
24          specifying that rules of the Department of  
25          Banking and Finance and the Department of  
26          Insurance become rules of the Department of  
27          Insurance and Financial Services; specifying  
28          that such rules become rules of the Office of  
29          Chief Financial Officer under certain  
30          circumstances; providing for preservation of  
31          validity of judicial or administrative actions

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

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

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

19 20.04 Structure of executive branch.--The executive  
20 branch of state government is structured as follows:

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

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

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

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

3 (d) If further subdivision is necessary, sections may  
4 be divided into "subsections," which are headed by  
5 "supervisors."

6 Section 2. Section 20.121, Florida Statutes, is  
7 created to read:

8 20.121 Office of Chief Financial Officer.--Effective  
9 January 7, 2003, there is created the Office of Chief  
10 Financial Officer. The head of the office is the Chief  
11 Financial Officer. Pursuant to s. 4, Art. IV of the State  
12 Constitution, the duties of the Chief Financial Officer are to  
13 serve as the chief fiscal officer of the state, to settle and  
14 approve accounts against the state, and to keep all state  
15 funds and securities. The Chief Financial Officer is also the  
16 administrator of the Government Employees Deferred  
17 Compensation Plan and is responsible for carrying out laws  
18 relating to unclaimed property and security for public  
19 deposits.

20 Section 3. Section 20.131, Florida Statutes, is  
21 created to read:

22 20.131 Department of Insurance and Financial  
23 Services.--Effective January 7, 2003, there is created the  
24 Department of Insurance and Financial Services. The Governor  
25 and Cabinet shall serve as head of the department.

26 (1) EXECUTIVE DIRECTOR.--The executive director of the  
27 Department of Insurance and Financial Services is the chief  
28 administrator of the department and shall be appointed by the  
29 Governor and Cabinet, subject to confirmation by the Senate.  
30 The executive director serves at the pleasure of the Governor  
31 and Cabinet. The functions of the executive director are

1 limited to personnel, administrative, and budgetary matters,  
2 including administrative coordination of issues that affect  
3 areas under both the Office of the Commissioner of Insurance  
4 and the Office of the Commissioner of Financial Services, and  
5 coordination of legislative activities.

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

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

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

23 2. Office of the Commissioner of Financial  
24 Services.--The Office of the Commissioner of Financial  
25 Services is responsible for all activities of the department  
26 relating to the regulation of banks, credit unions, other  
27 financial institutions, finance companies, securities, and  
28 funeral and cemetery services. The head of the office is the  
29 Commissioner of Financial Services. The office includes the  
30 Division of Financial Investigations, which is headed by a  
31 director who is appointed by and serves at the pleasure of the

1 commissioner. The division shall function as a criminal  
2 justice agency for purposes of ss. 943.045-943.08 and shall  
3 have a separate budget.

4 (b) For purposes of final orders under chapter 120,  
5 each commissioner is the agency head for all areas within that  
6 commissioner's jurisdiction and shall be responsible for, and  
7 take final agency action related to, orders within the  
8 regulatory authority delegated to that commissioner's office.

9 (3) APPOINTMENT AND QUALIFICATIONS OF

10 COMMISSIONERS.--Each commissioner shall be appointed by, and  
11 shall serve at the pleasure of, the executive director.  
12 Appointment of a commissioner is subject to the approval of  
13 the Governor and Cabinet. The minimum qualifications of the  
14 commissioners are as follows:

15 (a) Prior to appointment as commissioner, the  
16 Commissioner of Insurance must have had, within the previous  
17 10 years, at least 5 years of experience as a senior officer  
18 of an insurer as defined in s. 624.03, as a senior officer of  
19 an insurance agency as defined in s. 626.094, or as a senior  
20 examiner or other senior employee of a state or federal agency  
21 having regulatory responsibility over insurers or insurance  
22 agencies.

23 (b) Prior to appointment as commissioner, the  
24 Commissioner of Financial Services must have had, within the  
25 previous 10 years, at least 5 years of experience as a senior  
26 officer of a financial institution as defined in s. 655.005(1)  
27 or a senior officer of a finance company or securities  
28 company, or as a senior examiner or other senior employee of a  
29 state or federal agency having regulatory responsibility over  
30 financial institutions, finance companies, or securities  
31 companies.

1           Section 4. Transfers.--  
2           (1) TRANSFERS TO THE OFFICE OF CHIEF FINANCIAL  
3 OFFICER.--  
4           (a) All powers, duties, functions, rules, records,  
5 personnel, property, and unexpended balances of  
6 appropriations, allocations, and other funds of the Office of  
7 the Comptroller;  
8           (b) All powers, duties, functions, rules, records,  
9 personnel, property, and unexpended balances of  
10 appropriations, allocations, and other funds of the Department  
11 of Banking and Finance that relate to the constitutional  
12 functions of the Comptroller or to duties relating to  
13 unclaimed property;  
14           (c) All powers, duties, functions, rules, records,  
15 personnel, property, and unexpended balances of  
16 appropriations, allocations, and other funds of the Office of  
17 the Treasurer, including the Government Employees Deferred  
18 Compensation Plan and duties relating to security for public  
19 deposits; and  
20           (d) All powers, duties, functions, rules, records,  
21 personnel, property, and unexpended balances of  
22 appropriations, allocations, and other funds of the Department  
23 of Insurance that relate to the constitutional functions of  
24 the Treasurer  
25  
26 are transferred by a type two transfer, as defined in s.  
27 20.06(2), Florida Statutes, to the Office of Chief Financial  
28 Officer.  
29           (2) TRANSFERS TO THE DEPARTMENT OF INSURANCE AND  
30 FINANCIAL SERVICES.--  
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1       (a) 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 not otherwise transferred by this act;

5 and

6       (b) All powers, duties, functions, rules, records,  
7 personnel, property, and unexpended balances of  
8 appropriations, allocations, and other funds of the Department  
9 of Insurance not otherwise transferred by this act

10  
11 are transferred by a type two transfer, as defined in s.  
12 20.06(2), Florida Statutes, to the Department of Insurance and  
13 Financial Services.

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

15       Section 5. Effective January 7, 2003, the rules of the  
16 Department of Banking and Finance and of the Department of  
17 Insurance that were in effect on January 6, 2003, shall become  
18 rules of the Department of Insurance and Financial Services  
19 and shall remain in effect until specifically amended or  
20 repealed in the manner provided by law. However, any such  
21 rules that relate to the constitutional functions of the  
22 Comptroller or the Treasurer shall instead become rules of the  
23 Office of Chief Financial Officer and shall remain in effect  
24 until amended or repealed in the manner provided by law.

25       Section 6. This act shall not affect the validity of  
26 any judicial or administrative action involving the Department  
27 of Banking and Finance or the Department of Insurance pending  
28 on January 7, 2003, and the Department of Insurance and  
29 Financial Services shall be substituted as a party in interest  
30 in any such action. However, if the action involves the  
31 constitutional functions of the Comptroller or Treasurer, the

1 Office of Chief Financial Officer shall instead be substituted  
2 as a party in interest.

3 Section 7. Transitional provisions.--

4 (1) The office of executive director of the Department  
5 of Insurance and Financial Services is created effective  
6 August 1, 2001. By no later than August 1, 2001, the Governor  
7 and Cabinet shall appoint a person, subject to confirmation by  
8 the Senate, who will serve as the executive director of the  
9 department. However, until the creation of the department  
10 takes effect on January 7, 2003, that person shall serve as  
11 the head of the Office of Transition Management under  
12 subsection (2).

13 (2)(a) There is created the Office of Transition  
14 Management. The office shall function independently but shall  
15 for administrative purposes be treated as an office of the  
16 Executive Office of the Governor.

17 (b) The head of the office is the executive director  
18 appointed pursuant to subsection (1), who shall serve at the  
19 pleasure of the Governor and Cabinet.

20 (c) The office shall manage the transition to the new  
21 Department of Insurance and Financial Services and the new  
22 Office of Chief Financial Officer. The management duties of  
23 the office shall include, but not be limited to:

24 1. Assuring that, by no later than January 7, 2003,  
25 all positions within the Office of the Commissioner of  
26 Insurance and the Office of the Commissioner of Financial  
27 Services, including all senior management positions, are  
28 occupied by qualified persons.

29 2. Providing written recommendations to the  
30 Legislature by no later than January 1, 2002, as to statutory  
31 changes that are necessary or desirable to implement a



1 successful transition. These recommendations shall include,  
2 but not be limited to, detailed legislative recommendations  
3 regarding:  
4       a. The need for, and structure of, investigative  
5 services by the Office of Chief Financial Officer, including  
6 confidentiality requirements.  
7       b. Rulemaking procedures for the Department of  
8 Insurance and Financial Services, including proposals to  
9 streamline the rulemaking process and proposals regarding  
10 adoption of emergency rules.  
11       3. Providing a written report that specifies, on a  
12 position-by-position basis, those positions that are subject  
13 to transfer to the Office of Chief Financial Officer under  
14 this act. Except as revised by the General Appropriations Act  
15 or other legislation, the report under this subparagraph shall  
16 be used to determine which positions within the Department of  
17 Banking and Finance or the Department of Insurance will become  
18 positions within the Office of Chief Financial Officer, and  
19 which positions will become positions within the Department of  
20 Insurance and Financial Services, on January 7, 2003. The  
21 office shall provide the report to the Governor, the President  
22 of the Senate, the Speaker of the House of Representatives,  
23 and the chair of each fiscal committee or council of the  
24 Senate and the House of Representatives.  
25       4. Taking action in advance on personnel, purchasing,  
26 and administrative matters.  
27       5. Submitting to the Governor and Cabinet a proposed  
28 organizational plan for the Department of Insurance and  
29 Financial Services, which plan the Governor and Cabinet may  
30 adopt by rule.  
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1           6. Providing monthly written status reports to the  
2 President of the Senate and the Speaker of the House of  
3 Representatives.

4           7. Providing such other information as may be  
5 requested by members or staff of the Legislature.

6           (d) The Department of Banking and Finance, the  
7 Department of Insurance, the Office of the Comptroller, and  
8 the Office of the Treasurer shall fully cooperate with the  
9 Office of Transition Management and shall promptly provide the  
10 office with any requested information.

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

13           2. As provided in s. 216.351, Florida Statutes,  
14 notwithstanding any provision of law to the contrary, the  
15 Legislature may appropriate equal amounts from the Financial  
16 Institutions Trust Fund of the Department of Banking and  
17 Finance and the Insurance Commissioner's Regulatory Trust Fund  
18 of the Department of Insurance to fund the activities of the  
19 Office of Transition Management.

20           Section 8. No later than January 31, 2002, the  
21 Division of Statutory Revision of the Office of Legislative  
22 Services, in consultation with the appropriate substantive  
23 committee staffs of the Senate and the House of  
24 Representatives, shall submit to the President of the Senate  
25 and the Speaker of the House of Representatives proposed  
26 substantive legislation to conform the Florida Statutes to the  
27 provisions of this act. The proposed legislation shall include  
28 provisions:

29           (1) Changing the term "Comptroller" or "Treasurer" to  
30 "Chief Financial Officer" with respect to functions of the  
31 Chief Financial Officer.

1           (2) Changing references to the Department of Banking  
2 and Finance and the Department of Insurance to the Department  
3 of Insurance and Financial Services, except with respect to  
4 functions of the Chief Financial Officer.

5           (3) Otherwise conforming the Florida Statutes to the  
6 abolition of the offices of Comptroller and Treasurer, the  
7 creation of the Office of Chief Financial Officer, the  
8 abolition of the Department of Banking and Finance and the  
9 Department of Insurance, the creation of the Department of  
10 Insurance and Financial Services, and the creation of the  
11 offices of Commissioner of Insurance and Commissioner of  
12 Financial Services within the Department of Insurance and  
13 Financial Services.

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

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

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