

1                   A bill to be entitled  
2           An act relating to consumer protection; amending s.  
3           494.001, F.S.; revising the definition of the term  
4           "branch office"; defining the term "remote location";  
5           authorizing a licensee under ch. 494, F.S., to allow  
6           loan originators to work from remote locations if  
7           specified conditions are met; amending s. 494.0067,  
8           F.S.; specifying that mortgage lenders may transact  
9           business from branch offices and remote locations;  
10          providing a requirement for operating remote  
11          locations; creating s. 501.2042, F.S.; providing  
12          definitions; providing requirements for organizers of  
13          crowd-funding campaigns relating to disasters and  
14          crowd-funding platforms; amending s. 520.23, F.S.;  
15          revising disclosure requirements for agreements  
16          governing the sale and lease of a distributed energy  
17          generation system; amending s. 560.111, F.S.;  
18          providing criminal penalties for certain check cashing  
19          violations by money services businesses; amending s.  
20          560.309, F.S.; prohibiting a money services business  
21          from cashing corporate checks for a payee in excess of  
22          certain workers' compensation policy coverage amounts;  
23          amending s. 626.551, F.S.; revising the timeframe in  
24          which an insurance representative must notify the  
25          Department of Financial Services of certain changes in

26 | information; amending s. 626.602, F.S.; providing  
27 | applicability of provisions relating to the  
28 | disapproval of insurance agency names to adjusting  
29 | firms; revising grounds on which such names may be  
30 | disapproved by the department; providing for future  
31 | repeal; amending s. 626.854, F.S.; revising the  
32 | definition of "public adjuster"; prohibiting public  
33 | adjusters from contracting with any person other than  
34 | the named insured without the insured's written  
35 | consent; specifying a penalty for noncompliance;  
36 | specifying timeframes in which an insured or a  
37 | claimant may cancel a public adjuster's contract  
38 | without penalty or contract under certain  
39 | circumstances; revising requirements for public  
40 | adjuster's contracts; specifying requirements for  
41 | public adjusters if the insurer, within a certain  
42 | timeframe, pays or commits in writing to pay to the  
43 | insured the policy limit of the policy; specifying the  
44 | commission a public adjuster receives under certain  
45 | circumstances; amending s. 626.860, F.S.; providing  
46 | that an attorney's exemption from public adjuster  
47 | licensure requirements do not apply to certain  
48 | persons; amending s. 626.875, F.S.; revising  
49 | recordkeeping requirements for appointed independent  
50 | adjusters and licensed public adjusters; amending s.

51 626.8796, F.S.; revising requirements for public  
52 adjuster contracts; specifying requirements for and  
53 prohibitions on public adjusters relating to such  
54 contracts; providing construction; authorizing the  
55 department to adopt rules; amending s. 626.8797, F.S.;  
56 revising a fraud statement requirement in proof-of-  
57 loss statements; amending s. 626.9541, F.S.; adding an  
58 unfair or deceptive insurance act relating to health  
59 insurance contracts; amending s. 627.4025, F.S.;  
60 revising the definition of the term "hurricane," and  
61 defining the term "hurricane deductible," for  
62 residential coverage policies; amending s. 627.4133,  
63 F.S.; revising the timeframe after which certain  
64 insurers may not cancel policies except for specified  
65 reasons; amending s. 627.4554, F.S.; revising  
66 legislative purpose; revising applicability; revising  
67 and defining terms; revising and specifying duties of  
68 insurers and agents relating to the recommendation and  
69 sale of annuity investments; specifying comparable  
70 standards that comply with such requirements;  
71 specifying agent training requirements; providing and  
72 revising construction; authorizing the adoption of  
73 specified forms; amending s. 634.401, F.S.; revising  
74 the definition of the term "manufacturer"; providing a  
75 directive to the Division of Law Revision; providing

76 effective dates.

77

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

79

80 Section 1. Subsections (35) through (38) of section  
 81 494.001, Florida Statutes, are renumbered as subsections (36)  
 82 through (39), respectively, subsection (3) is amended, and a new  
 83 subsection (35) is added to that section, to read:

84 494.001 Definitions.—As used in this chapter, the term:

85 (3) "Branch office" means a location, other than a  
 86 mortgage broker's or mortgage lender's principal place of  
 87 business or a remote location:

88 (a) The address of which appears on business cards,  
 89 stationery, or advertising used by the licensee in connection  
 90 with business conducted under this chapter;

91 (b) At which the licensee's name, advertising or  
 92 promotional materials, or signage suggests that mortgage loans  
 93 are originated, negotiated, funded, or serviced; or

94 (c) At which mortgage loans are originated, negotiated,  
 95 funded, or serviced by a licensee.

96 (35) "Remote location" means a location, other than a  
 97 principal place of business or a branch office, at which a loan  
 98 originator of a licensee may conduct business. Licensees may  
 99 allow loan originators to work from remote locations if:

100 (a) The licensee has written policies and procedures for

101 the supervision of loan originators working from remote  
102 locations.

103 (b) Access to company platforms and customer information  
104 is in accordance with the licensee's comprehensive written  
105 information security plan.

106 (c) An in-person customer interaction does not occur at a  
107 loan originator's residence, unless such residence is a licensed  
108 location.

109 (d) Physical records are not maintained at a remote  
110 location.

111 (e) Customer interactions and conversations about  
112 consumers will be in compliance with federal and state  
113 information security requirements, including applicable  
114 provisions under the Gramm-Leach-Bliley Act and the Safeguards  
115 Rule established by the Federal Trade Commission, set forth at  
116 16 CFR Part 314, as such requirements may be amended from time  
117 to time.

118 (f) Loan originators working at remote locations access  
119 the company's secure systems, including a cloud-based system,  
120 directly from any out-of-office device such employee uses,  
121 including a laptop, telephones desktop computer, and tablet, via  
122 a virtual private network or comparable system that ensures  
123 secure connectivity and requires passwords or other forms of  
124 authentication to access.

125 (g) Licensee ensures that appropriate security updates,

126 patches, or other alterations to the security of all devices  
127 used at remote locations are installed and maintained.

128 (h) Licensee has an ability to remotely lock or erase  
129 company-related contents of any device or otherwise remotely  
130 limit all access to a company's secure systems.

131 (i) The Nationwide Multistate Licensing System and  
132 Registry's record of a loan originator who works from a remote  
133 location designates the principal place of business as the loan  
134 originator's registered location or the loan originator has  
135 elected a licensed branch office as a registered location.

136 Section 2. Subsection (1) of section 494.0067, Florida  
137 Statutes, is amended to read:

138 494.0067 Requirements of mortgage lenders.—

139 (1) A mortgage lender that makes mortgage loans on real  
140 estate in this state shall transact business from a principal  
141 place of business, branch office, or remote location. Each  
142 principal place of business, ~~and~~ each branch office, and remote  
143 location shall be operated under the full charge, control, and  
144 supervision of the licensee pursuant to this part.

145 Section 3. Section 501.2042, Florida Statutes, is created  
146 to read:

147 501.2042 Unlawful acts and practices by online crowd-  
148 funding campaigns.—

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

150 (a) "Crowd-funding campaign" means an online fundraising

151 initiative that is intended to receive monetary donations from  
152 donors and is created by an organizer in the interest of a  
153 beneficiary.

154 (b) "Crowd-funding platform" means an entity doing  
155 business in this state and that provides an online medium for  
156 the creation and facilitation of a crowd-funding campaign.

157 (c) "Disaster" means any natural, technological, or civil  
158 emergency that occurs in this state and that causes damage of  
159 sufficient severity and magnitude to result in a declaration of  
160 a state of emergency by a county, the Governor, or the President  
161 of the United States.

162 (d) "Organizer" means a person who:

163 1. Resides or is domiciled in this state.

164 2. Has an account on a crowd-funding platform and has  
165 created a crowd-funding campaign either as a beneficiary or on  
166 behalf of a beneficiary who resides in the state, regardless of  
167 whether the beneficiary or the crowd-funding campaign has  
168 received donations.

169 (2) When an organizer arranges a crowd-funding campaign  
170 related to a disaster, the organizer must produce to the crowd-  
171 funding platform a complete and accurate accounting of all  
172 donations received and expended by the crowd-funding campaign  
173 for the benefit of state residents. The crowd-funding platform  
174 must publish all received accountings on its website.

175 Section 4. Section 520.23, Florida Statutes, is amended to

176 read:

177       520.23 Disclosures required.—Each agreement governing the  
178 sale or lease of a distributed energy generation system shall,  
179 at a minimum, include a written statement printed in at least  
180 12-point type that is separate from the agreement, is separately  
181 acknowledged by the buyer or lessee, and includes the following  
182 information and disclosures, if applicable:

183       (1) The name, address, telephone number, and e-mail  
184 address of the buyer or lessee.

185       (2) The name, address, telephone number, e-mail address,  
186 and valid state contractor license number of the person  
187 responsible for installing the distributed energy generation  
188 system.

189       (3) The name, address, telephone number, e-mail address,  
190 and valid state contractor license number of the distributed  
191 energy generation system maintenance provider, if different from  
192 the person responsible for installing the distributed energy  
193 generation system.

194       (4) The customer contact center phone number for the  
195 Department of Business and Professional Regulation.

196       (5)-(4) A written statement indicating whether the  
197 distributed energy generation system is being purchased or  
198 leased.

199       (a) If the distributed energy generation system will be  
200 leased, the written statement must include a disclosure in



201 substantially the following form: "You are entering into an  
 202 agreement to lease a distributed energy generation system. You  
 203 will lease (not own) the system installed on your property."

204 (b) If the distributed energy generation system will be  
 205 purchased, the written statement must include a disclosure in  
 206 substantially the following form: "You are entering into an  
 207 agreement to purchase a distributed energy generation system.  
 208 You will own (not lease) the system installed on your property."

209 (6)~~(5)~~ The total cost to be paid by the buyer or lessee,  
 210 including any interest, installation fees, document preparation  
 211 fees, service fees, or other fees.

212 (7)~~(6)~~ A payment schedule, including any amounts owed at  
 213 contract signing, at the commencement of installation, at the  
 214 completion of installation, and any final payments. If the  
 215 distributed energy generation system is being leased, the  
 216 written statement must include the frequency and amount of each  
 217 payment due under the lease and the total estimated lease  
 218 payments over the term of the lease.

219 (8)~~(7)~~ Each state or federal tax incentive or rebate, if  
 220 any, relied upon by the seller in determining the price of the  
 221 distributed energy generation system.

222 (9)~~(8)~~ A description of the assumptions used to calculate  
 223 any savings estimates provided to the buyer or lessee, and if  
 224 such estimates are provided, a statement in substantially the  
 225 following form: "It is important to understand that future

226 | electric utility rates are estimates only. Your future electric  
227 | utility rates may vary."

228 |     (10)~~(9)~~ A description of any one-time or recurring fees,  
229 | including, but not limited to, estimated system removal fees,  
230 | maintenance fees, Internet connection fees, and automated  
231 | clearinghouse fees. If late fees may apply, the description must  
232 | describe the circumstances triggering such late fees.

233 |     (11)~~(10)~~ A statement notifying the buyer whether the  
234 | distributed energy generation system is being financed and, if  
235 | so, a statement in substantially the following form: "If your  
236 | system is financed, carefully read any agreements and/or  
237 | disclosure forms provided by your lender. This statement does  
238 | not contain the terms of your financing agreement. If you have  
239 | any questions about your financing agreement, contact your  
240 | finance provider before signing a contract."

241 |     (12)~~(11)~~ A statement notifying the buyer whether the  
242 | seller is assisting in arranging financing of the distributed  
243 | energy generation system and, if so, a statement in  
244 | substantially the following form: "If your system is financed,  
245 | carefully read any agreements and/or disclosure forms provided  
246 | by your lender. This statement does not contain the terms of  
247 | your financing agreement. If you have any questions about your  
248 | financing agreement, contact your finance provider before  
249 | signing a contract."

250 |     (13)~~(12)~~ A provision notifying the buyer or lessee of the

251 right to rescind the agreement for a period of at least 3  
252 business days after the agreement is signed. This subsection  
253 does not apply to a contract to sell or lease a distributed  
254 energy generation system in a solar community in which the  
255 entire community has been marketed as a solar community and all  
256 of the homes in the community are intended to have a distributed  
257 energy generation system, or a solar community in which the  
258 developer has incorporated solar technology for purposes of  
259 meeting the Florida Building Code in s. 553.73.

260 (14)~~(13)~~ A description of the distributed energy  
261 generation system design assumptions, including the make and  
262 model of the major components, system size, estimated first-year  
263 energy production, and estimated annual energy production  
264 decreases, including the overall percentage degradation over the  
265 estimated life of the distributed energy generation system, and  
266 the status of utility compensation for excess energy generated  
267 by the system at the time of contract signing. A seller who  
268 provides a warranty or guarantee of the energy production output  
269 of the distributed energy generation system may provide a  
270 description of such warranty or guarantee in lieu of a  
271 description of the system design and components.

272 (15)~~(14)~~ A description of any performance or production  
273 guarantees.

274 (16)~~(15)~~ A description of the ownership and  
275 transferability of any tax credits, rebates, incentives, or

276 renewable energy certificates associated with the distributed  
277 energy generation system, including a disclosure as to whether  
278 the seller will assign or sell any associated renewable energy  
279 certificates to a third party.

280 (17)~~(16)~~ A statement in substantially the following form:  
281 "You are responsible for property taxes on property you own.  
282 Consult a tax professional to understand any tax liability or  
283 eligibility for any tax credits that may result from the  
284 purchase of your distributed energy generation system."

285 (18)~~(17)~~ The approximate start and completion dates for  
286 the installation of the distributed energy generation system.

287 (19)~~(18)~~ A disclosure as to whether maintenance and  
288 repairs of the distributed energy generation system are included  
289 in the purchase price.

290 (20)~~(19)~~ A disclosure as to whether any warranty or  
291 maintenance obligations related to the distributed energy  
292 generation system may be sold or transferred by the seller to a  
293 third party and, if so, a statement in substantially the  
294 following form: "Your contract may be assigned, sold, or  
295 transferred without your consent to a third party who will be  
296 bound to all the terms of the contract. If a transfer occurs,  
297 you will be notified if this will change the address or phone  
298 number to use for system maintenance or repair requests."

299 (21)~~(20)~~ If the distributed energy generation system will  
300 be purchased, a disclosure notifying the buyer of the

301 requirements for interconnecting the system to the utility  
 302 system.

303 (22)~~(21)~~ A disclosure notifying the buyer or lessee of the  
 304 party responsible for obtaining interconnection approval.

305 (23)~~(22)~~ A description of any roof warranties.

306 (24) A statement in substantially the following form: "You  
 307 should consider the age and remaining life of your roof prior to  
 308 installing a distributed energy generation system. Replacement  
 309 of your roof may require reinstallation of the distributed  
 310 energy generation system."

311 (25)~~(23)~~ A disclosure notifying the lessee whether the  
 312 seller will insure a leased distributed energy generation system  
 313 against damage or loss and, if applicable, the circumstances  
 314 under which the seller will not insure the system against damage  
 315 or loss.

316 (26)~~(24)~~ A statement, ~~if applicable,~~ in substantially the  
 317 following form: "You are responsible for obtaining insurance  
 318 policies or coverage for any loss of or damage to the system.  
 319 Consult an insurance professional to understand how to protect  
 320 against the risk of loss or damage to the system."

321 (27) A statement in substantially the following form:  
 322 "Placing a distributed energy generation system on your roof may  
 323 impact your future insurance premiums. You are responsible for  
 324 contacting your insurance carrier, prior to entering into a  
 325 purchase or lease agreement, to confirm whether your current

326 policy or coverage will need to be modified upon installing the  
 327 distributed energy generation system onto your dwelling."

328 ~~(28)-(25)~~ A disclosure notifying the buyer or lessee  
 329 whether the seller or lessor will place a lien on the buyer's or  
 330 lessee's home or other property as a result of entering into a  
 331 purchase or lease agreement for the distributed energy  
 332 generation system.

333 ~~(29)-(26)~~ A disclosure notifying the buyer or lessee  
 334 whether the seller or lessor will file a fixture filing or a  
 335 State of Florida Uniform Commercial Code Financing Statement  
 336 Form (UCC-1) on the distributed energy generation system.

337 ~~(30)-(27)~~ A disclosure identifying whether the agreement  
 338 contains any restrictions on the buyer's or lessee's ability to  
 339 modify or transfer ownership of a distributed energy generation  
 340 system, including whether any modification or transfer is  
 341 subject to review or approval by a third party.

342 ~~(31)-(28)~~ A disclosure as to whether the lease agreement  
 343 may be transferred to a purchaser upon sale of the home or real  
 344 property to which the system is affixed, and any conditions for  
 345 such transfer.

346 ~~(32)-(29)~~ A blank section that allows the seller to provide  
 347 additional relevant disclosures or explain disclosures made  
 348 elsewhere in the disclosure form.

349  
 350 The requirement to provide a written statement under this

351 section may be satisfied by the electronic delivery of a  
 352 document within 24 hours after execution of the written  
 353 statement containing the required statement if the intended  
 354 recipient of the electronic document affirmatively acknowledges  
 355 its receipt. An electronic document satisfies the font and other  
 356 formatting standards required for the written statement if the  
 357 format and the relative size of characters of the electronic  
 358 document are reasonably similar to those required in the written  
 359 document or if the information is otherwise displayed in a  
 360 reasonably conspicuous manner.

361 Section 5. Subsection (6) of section 560.111, Florida  
 362 Statutes, is amended to read:

363 560.111 Prohibited acts.—

364 (6) A person who knowingly and willfully violates s.  
 365 560.309(11) or s. 560.310(2) (d) commits a felony of the third  
 366 degree, punishable as provided in s. 775.082, s. 775.083, or s.  
 367 775.084.

368 Section 6. Subsection (11) is added to section 560.309,  
 369 Florida Statutes to read:

370 560.309 Conduct of business.—

371 (11) A licensee shall not cash corporate checks where the  
 372 aggregate face amount of all corporate checks cashed for each  
 373 payee exceeds 200 percent of the payee's workers' compensation  
 374 policy coverage amount during the same dates as the workers'  
 375 compensation policy coverage period.

376 Section 7. Section 626.551, Florida Statutes, is amended  
 377 to read:

378 626.551 Notice of change of address, name.—A licensee must  
 379 notify the department, in writing, within 5 ~~30~~ days after a  
 380 change of name, residence address, principal business street  
 381 address, mailing address, contact telephone numbers, including a  
 382 business telephone number, or e-mail address. A licensee who has  
 383 moved his or her principal place of residence and principal  
 384 place of business from this state shall have his or her license  
 385 and all appointments immediately terminated by the department.  
 386 Failure to notify the department within the required time shall  
 387 result in a fine not to exceed \$250 for the first offense and a  
 388 fine of at least \$500 or suspension or revocation of the license  
 389 pursuant to s. 626.611, s. 626.6115, s. 626.621, or s. 626.6215  
 390 for a subsequent offense. The department may adopt rules to  
 391 administer and enforce this section.

392 Section 8. Section 626.602, Florida Statutes, is amended  
 393 to read:

394 626.602 Insurance agency and adjusting firm names;  
 395 disapproval.—The department may disapprove the use of any true  
 396 or fictitious name, other than the bona fide natural name of an  
 397 individual, by any insurance agency or adjusting firm on any of  
 398 the following grounds:

399 (1) The name interferes with or is too similar to a name  
 400 already filed and in use by another agency, or adjusting firm,



401 or insurer.

402 (2) The use of the name may mislead the public in any  
403 respect.

404 (3) The name states or implies that the agency or  
405 adjusting firm is an insurer, motor club, hospital service plan,  
406 state or federal agency, charitable organization, or entity that  
407 primarily provides advice and counsel rather than sells or  
408 solicits insurance, settles claims, or is entitled to engage in  
409 insurance activities not permitted under licenses held or  
410 applied for. This provision does not prohibit the use of the  
411 word "state" or "states" in the name of the agency. The use of  
412 the word "state" or "states" in the name of an agency or  
413 adjusting firm does not in and of itself imply that the agency  
414 or adjusting firm is a state agency.

415 (4) (a) The name contains the word "Medicare" or  
416 "Medicaid."

417 (b) An insurance agency whose name contains the word  
418 "Medicare" or "Medicaid" but which is licensed as of July 1,  
419 2021, may continue to use that name until June 30, 2023,  
420 provided that the agency's license remains valid. If the  
421 agency's license expires or is suspended or revoked, the agency  
422 may not be relicensed using that name. Licenses for agencies  
423 with names containing either of these words automatically expire  
424 on July 1, 2023, unless these words are removed from the name.  
425 This paragraph is repealed July 1, 2023.

426 Section 9. Section 626.854, Florida Statutes, is amended  
 427 to read:

428 626.854 "Public adjuster" defined; prohibitions.—The  
 429 Legislature finds that it is necessary for the protection of the  
 430 public to regulate public insurance adjusters and to prevent the  
 431 unauthorized practice of law.

432 (1) A "public adjuster" is any person, except a duly  
 433 licensed attorney at law as exempted under s. 626.860, who, for  
 434 money, commission, or any other thing of value, directly or  
 435 indirectly prepares, completes, or files an insurance claim for  
 436 an insured or third-party claimant, regardless of how that  
 437 person describes or presents his or her services, or who, for  
 438 money, commission, or any other thing of value, acts on behalf  
 439 of, or aids an insured or third-party claimant in negotiating  
 440 for or effecting the settlement of a claim or claims for loss or  
 441 damage covered by an insurance contract, regardless of how that  
 442 person describes or presents his or her services, or who  
 443 advertises for employment as an adjuster of such claims. The  
 444 term also includes any person who, for money, commission, or any  
 445 other thing of value, directly or indirectly solicits,  
 446 investigates, or adjusts such claims on behalf of a public  
 447 adjuster, an insured, or a third-party claimant. The term does  
 448 not include a person who photographs or inventories damaged  
 449 personal property or business personal property or a person  
 450 performing duties under another professional license, if such

451 person does not otherwise solicit, adjust, investigate, or  
452 negotiate for or attempt to effect the settlement of a claim.

453 (2) This definition does not apply to:

454 (a) A licensed health care provider or employee thereof  
455 who prepares or files a health insurance claim form on behalf of  
456 a patient.

457 (b) A licensed health insurance agent who assists an  
458 insured with coverage questions, medical procedure coding  
459 issues, balance billing issues, understanding the claims filing  
460 process, or filing a claim, as such assistance relates to  
461 coverage under a health insurance policy.

462 (c) A person who files a health claim on behalf of another  
463 and does so without compensation.

464 (3) A public adjuster may not give legal advice or act on  
465 behalf of or aid any person in negotiating or settling a claim  
466 relating to bodily injury, death, or noneconomic damages.

467 (4) For purposes of this section, the term "insured"  
468 includes only the policyholder and any beneficiaries named or  
469 similarly identified in the policy.

470 (5) A public adjuster may not directly or indirectly  
471 through any other person or entity solicit an insured or  
472 claimant by any means except on Monday through Saturday of each  
473 week and only between the hours of 8 a.m. and 8 p.m. on those  
474 days.

475 (6) (a) When entering a contract for adjuster services

476 after July 1, 2023, a public adjuster is prohibited from  
477 contracting with any person other than the named insured unless  
478 the named insured provides written consent, subsequent to  
479 entering a contract for public adjusting services.

480 (b) In the event a public adjuster contracts with a third  
481 party in settling the named insured's claim, without first  
482 obtaining the insured's written consent, payment of the third  
483 party's fees shall be made from the public adjuster's fee.

484 (7)-(6) An insured or claimant may cancel a public  
485 adjuster's contract to adjust a claim without penalty or  
486 obligation within 10 days after the date on which the contract  
487 is executed. If the contract was entered into based on events  
488 that are the subject of a declaration of a state of emergency by  
489 the Governor, an insured or claimant may cancel the public  
490 adjuster's contract to adjust a claim without penalty or  
491 obligation within 30 days after the date of the event, or 10  
492 days after the date on which the contract is executed, whichever  
493 is later. The public adjuster's contract must contain the  
494 following language in minimum 18-point bold type immediately  
495 before the space reserved in the contract for the signature of  
496 the insured or claimant: "You, the insured, may cancel this  
497 contract for any reason without penalty or obligation to you  
498 within 10 days after the date of this contract. If this contract  
499 was entered into based on events that are the subject of a  
500 declaration of a state of emergency by the Governor, you may

501 cancel this contract for any reason without penalty or  
 502 obligation to you within 30 days after the date of the event, or  
 503 10 days after the date on which the contract is executed,  
 504 whichever is later. You may also cancel the contract without  
 505 penalty or obligation to you if I, as your public adjuster, fail  
 506 to provide you and your insurer a copy of a written estimate  
 507 within 60 days of the execution of the contract in accordance  
 508 with s. 626.854(14)(b), Florida Statutes." The ~~by providing~~  
 509 notice of cancellation shall be provided to ...(name of public  
 510 adjuster)..., submitted in writing and sent by certified mail,  
 511 return receipt requested, or other form of mailing that provides  
 512 proof thereof, at the address specified in the contract.

513 (8)~~(7)~~ It is an unfair and deceptive insurance trade  
 514 practice pursuant to s. 626.9541 for a public adjuster or any  
 515 other person to circulate or disseminate any advertisement,  
 516 announcement, or statement containing any assertion,  
 517 representation, or statement with respect to the business of  
 518 insurance which is untrue, deceptive, or misleading.

519 (a) The following statements, made in any public  
 520 adjuster's advertisement or solicitation, are considered  
 521 deceptive or misleading:

522 1. A statement or representation that invites an insured  
 523 policyholder to submit a claim when the policyholder does not  
 524 have covered damage to insured property.

525 2. A statement or representation that invites an insured

526 | policyholder to submit a claim by offering monetary or other  
527 | valuable inducement.

528 |         3. A statement or representation that invites an insured  
529 | policyholder to submit a claim by stating that there is "no  
530 | risk" to the policyholder by submitting such claim.

531 |         4. A statement or representation, or use of a logo or  
532 | shield, that implies or could mistakenly be construed to imply  
533 | that the solicitation was issued or distributed by a  
534 | governmental agency or is sanctioned or endorsed by a  
535 | governmental agency.

536 |         (b) For purposes of this paragraph, the term "written  
537 | advertisement" includes only newspapers, magazines, flyers, and  
538 | bulk mailers. The following disclaimer, which is not required to  
539 | be printed on standard size business cards, must be added in  
540 | bold print and capital letters in typeface no smaller than the  
541 | typeface of the body of the text to all written advertisements  
542 | by a public adjuster:

543 |         "THIS IS A SOLICITATION FOR BUSINESS. IF YOU HAVE HAD A  
544 | CLAIM FOR AN INSURED PROPERTY LOSS OR DAMAGE AND YOU ARE  
545 | SATISFIED WITH THE PAYMENT BY YOUR INSURER, YOU MAY  
546 | DISREGARD THIS ADVERTISEMENT."

547 |         (9)~~(8)~~ A public adjuster, a public adjuster apprentice, or  
548 | any person or entity acting on behalf of a public adjuster or  
549 | public adjuster apprentice may not give or offer to give a  
550 | monetary loan or advance to a client or prospective client.

551 ~~(10)-(9)~~ A public adjuster, public adjuster apprentice, or  
 552 any individual or entity acting on behalf of a public adjuster  
 553 or public adjuster apprentice may not give or offer to give,  
 554 directly or indirectly, any article of merchandise having a  
 555 value in excess of \$25 to any individual for the purpose of  
 556 advertising or as an inducement to entering into a contract with  
 557 a public adjuster.

558 (11) If the insurer, not later than 14 days after the date  
 559 on which the loss is reported to the insurer, either pays or  
 560 commits in writing to pay to the insured the policy limit of the  
 561 insurance policy, the public adjuster shall:

562 (a) Inform the insured that, due to the insurer's payment  
 563 or commitment to pay the policy limit, the loss recovery amount  
 564 might not be increased by the insurer.

565 (b) Not receive a commission consisting of a percentage of  
 566 the total amount of the paid by an insurer to resolve the claim.

567 (c) Be entitled only to \$1,000 from the insured for the  
 568 time spent and expenses incurred on the claim by the public  
 569 adjuster, until the claim is paid or the insured receives a  
 570 written commitment to pay from the insurer.

571 (12) If the public adjuster enters into a contract with an  
 572 insured or claimant after the insured or claimant unsuccessfully  
 573 negotiates an insurance claim payment and the public adjuster is  
 574 successful in obtaining a higher insurance claim payment, the  
 575 public adjuster shall receive a commission consisting of 10

576 percent of the difference between the last insurance claim  
577 payment offer made to the insured before the insured signed a  
578 contract with the public adjuster and the final insurance claim  
579 payment obtained through the work of the public adjuster after  
580 entering into the contract with the insured or claimant.

581 (13)~~(10)~~(a) If a public adjuster enters into a contract  
582 with an insured or claimant to reopen a claim or file a  
583 supplemental claim that seeks additional payments for a claim  
584 that has been previously paid in part or in full or settled by  
585 the insurer, the public adjuster may not charge, agree to, or  
586 accept from any source compensation, payment, commission, fee,  
587 or any other thing of value based on a previous settlement or  
588 previous claim payments by the insurer for the same cause of  
589 loss. The charge, compensation, payment, commission, fee, or any  
590 other thing of value must be based only on the claim payments or  
591 settlements paid to the insured, exclusive of attorney fees and  
592 costs, obtained through the work of the public adjuster after  
593 entering into the contract with the insured or claimant.

594 Compensation for the reopened or supplemental claim may not  
595 exceed 20 percent of the reopened or supplemental claim payment.  
596 In no event shall the contracts described in this paragraph  
597 exceed the limitations in paragraph (b).

598 (b) A public adjuster may not charge, agree to, or accept  
599 from any source compensation, payment, commission, fee, or any  
600 other thing of value in excess of:



601           1. Ten percent of the amount of insurance claim payments  
 602 or settlements, exclusive of attorney fees and costs, paid to  
 603 the insured by the insurer for claims based on events that are  
 604 the subject of a declaration of a state of emergency by the  
 605 Governor. This provision applies to claims made during the year  
 606 after the declaration of emergency. After that year, the  
 607 limitations in subparagraph 2. apply.

608           2. Twenty percent of the amount of insurance claim  
 609 payments or settlements, exclusive of attorney fees and costs,  
 610 paid to the insured by the insurer for claims that are not based  
 611 on events that are the subject of a declaration of a state of  
 612 emergency by the Governor.

613           (c) Insurance claim payments made by the insurer do not  
 614 include policy deductibles, and public adjuster compensation may  
 615 not be based on the deductible portion of a claim.

616           (d) Public adjuster compensation may not be based on  
 617 amounts attributable to additional living expenses, unless such  
 618 compensation is affirmatively agreed to in a separate agreement  
 619 that includes a disclosure in substantially the following form:  
 620 "I agree to retain and compensate the public adjuster for  
 621 adjusting my additional living expenses and securing payment  
 622 from my insurer for amounts attributable to additional living  
 623 expenses payable under the policy issued on my (home/mobile  
 624 home/condominium unit)."

625           (e) Public adjuster rate of compensation may not be

626 increased based solely on the fact that the claim is litigated.

627 (f) Any maneuver, shift, or device through which the  
628 limits on compensation set forth in this subsection are exceeded  
629 is a violation of this chapter punishable as provided under s.  
630 626.8698.

631 (14) (a) ~~(11)~~ Each public adjuster must provide to the  
632 claimant or insured a written estimate of the loss to assist in  
633 the submission of a proof of loss or any other claim for payment  
634 of insurance proceeds within 60 days after the date of the  
635 contract. The written estimate must include an itemized, per-  
636 unit estimate of the repairs, including itemized information on  
637 equipment, materials, labor, and supplies, in accordance with  
638 accepted industry standards. The public adjuster shall retain  
639 such written estimate for at least 5 years and shall make the  
640 estimate available to the claimant or insured, the insurer, and  
641 the department upon request.

642 (b) An insured may cancel the contract with no additional  
643 penalties or fees charged by the public adjuster if such an  
644 estimate is not provided within 60 days after executing the  
645 contract, subject to the cancellation notice requirement in this  
646 section.

647 (15) ~~(12)~~ A public adjuster, public adjuster apprentice, or  
648 any person acting on behalf of a public adjuster or apprentice  
649 may not accept referrals of business from any person with whom  
650 the public adjuster conducts business if there is any form or

651 manner of agreement to compensate the person, directly or  
652 indirectly, for referring business to the public adjuster. A  
653 public adjuster may not compensate any person, except for  
654 another public adjuster, directly or indirectly, for the  
655 principal purpose of referring business to the public adjuster.

656 (16)~~(13)~~ A company employee adjuster, independent  
657 adjuster, attorney, investigator, or other persons acting on  
658 behalf of an insurer that needs access to an insured or claimant  
659 or to the insured property that is the subject of a claim must  
660 provide at least 48 hours' notice to the insured or claimant,  
661 public adjuster, or legal representative before scheduling a  
662 meeting with the claimant or an onsite inspection of the insured  
663 property. The insured or claimant may deny access to the  
664 property if the notice has not been provided. The insured or  
665 claimant may waive the 48-hour notice.

666 (17)~~(14)~~ The public adjuster must ensure that prompt  
667 notice is given of the claim to the insurer, the public  
668 adjuster's contract is provided to the insurer, the property is  
669 available for inspection of the loss or damage by the insurer,  
670 and the insurer is given an opportunity to interview the insured  
671 directly about the loss and claim. The insurer must be allowed  
672 to obtain necessary information to investigate and respond to  
673 the claim.

674 (a) The insurer may not exclude the public adjuster from  
675 its in-person meetings with the insured. The insurer shall meet

676 or communicate with the public adjuster in an effort to reach  
677 agreement as to the scope of the covered loss under the  
678 insurance policy. The public adjuster shall meet or communicate  
679 with the insurer in an effort to reach agreement as to the scope  
680 of the covered loss under the insurance policy. This section  
681 does not impair the terms and conditions of the insurance policy  
682 in effect at the time the claim is filed.

683 (b) A public adjuster may not restrict or prevent an  
684 insurer, company employee adjuster, independent adjuster,  
685 attorney, investigator, or other person acting on behalf of the  
686 insurer from having reasonable access at reasonable times to any  
687 insured or claimant or to the insured property that is the  
688 subject of a claim.

689 (c) A public adjuster may not act or fail to reasonably  
690 act in any manner that obstructs or prevents an insurer or  
691 insurer's adjuster from timely conducting an inspection of any  
692 part of the insured property for which there is a claim for loss  
693 or damage. The public adjuster representing the insureds may be  
694 present for the insurer's inspection, but if the unavailability  
695 of the public adjuster otherwise delays the insurer's timely  
696 inspection of the property, the public adjuster or the insureds  
697 must allow the insurer to have access to the property without  
698 the participation or presence of the public adjuster or insureds  
699 in order to facilitate the insurer's prompt inspection of the  
700 loss or damage.

701        (18)~~(15)~~ A licensed contractor under part I of chapter  
702 489, or a subcontractor of such licensee, may not advertise,  
703 solicit, offer to handle, handle, or perform public adjuster  
704 services as provided in subsection (1) unless licensed and  
705 compliant as a public adjuster under this chapter. The  
706 prohibition against solicitation does not preclude a contractor  
707 from suggesting or otherwise recommending to a consumer that the  
708 consumer consider contacting his or her insurer to determine if  
709 the proposed repair is covered under the consumer's insurance  
710 policy, except as it relates to solicitation prohibited in s.  
711 489.147. In addition, the contractor may discuss or explain a  
712 bid for construction or repair of covered property with the  
713 residential property owner who has suffered loss or damage  
714 covered by a property insurance policy, or the insurer of such  
715 property, if the contractor is doing so for the usual and  
716 customary fees applicable to the work to be performed as stated  
717 in the contract between the contractor and the insured.

718        (19)~~(16)~~ A public adjuster shall not acquire any interest  
719 in salvaged property, except with the written consent and  
720 permission of the insured through a signed affidavit.

721        (20)~~(17)~~ A public adjuster, a public adjuster apprentice,  
722 or a person acting on behalf of an adjuster or apprentice may  
723 not enter into a contract or accept a power of attorney that  
724 vests in the public adjuster, the public adjuster apprentice, or  
725 the person acting on behalf of the adjuster or apprentice the

726 effective authority to choose the persons or entities that will  
 727 perform repair work in a property insurance claim or provide  
 728 goods or services that will require the insured or third-party  
 729 claimant to expend funds in excess of those payable to the  
 730 public adjuster under the terms of the contract for adjusting  
 731 services.

732 (21)~~(18)~~ Subsections (5)-(20) ~~(5)-(17)~~ apply only to  
 733 residential property insurance policies and condominium unit  
 734 owner policies as described in s. 718.111(11).

735 (22)~~(19)~~ Except as otherwise provided in this chapter, no  
 736 person, except an attorney at law or a licensed public adjuster,  
 737 may for money, commission, or any other thing of value, directly  
 738 or indirectly:

739 (a) Prepare, complete, or file an insurance claim for an  
 740 insured or a third-party claimant;

741 (b) Act on behalf of or aid an insured or a third-party  
 742 claimant in negotiating for or effecting the settlement of a  
 743 claim for loss or damage covered by an insurance contract;

744 (c) Offer to initiate or negotiate a claim on behalf of an  
 745 insured;

746 (d) Advertise services that require a license as a public  
 747 adjuster; or

748 (e) Solicit, investigate, or adjust a claim on behalf of a  
 749 public adjuster, an insured, or a third-party claimant.

750 (23)~~(20)~~ The department may take administrative actions

751 and impose fines against any persons performing claims  
752 adjusting, soliciting, or any other services described in this  
753 section without the licensure required under this section or s.  
754 626.112.

755 (24)~~(21)~~ A public adjuster, public adjuster apprentice, or  
756 public adjusting firm that solicits a claim and does not enter  
757 into a contract with an insured or a third-party claimant  
758 pursuant to paragraph (13)(a) ~~(10)(a)~~ may not charge an insured  
759 or a third-party claimant or receive payment by any other source  
760 for any type of service related to the insured or third-party  
761 claimant's claim.

762 (25)~~(22)~~(a) Any following act by a public adjuster, a  
763 public adjuster apprentice, or a person acting on behalf of a  
764 public adjuster or public adjuster apprentice is prohibited and  
765 shall result in discipline as applicable under this part:

766 1. Offering to a residential property owner a rebate,  
767 gift, gift card, cash, coupon, waiver of any insurance  
768 deductible, or any other thing of value in exchange for:

769 a. Allowing a contractor, a public adjuster, a public  
770 adjuster apprentice, or a person acting on behalf of a public  
771 adjuster or public adjuster apprentice to conduct an inspection  
772 of the residential property owner's roof; or

773 b. Making an insurance claim for damage to the residential  
774 property owner's roof.

775 2. Offering, delivering, receiving, or accepting any

776 compensation, inducement, or reward for the referral of any  
777 services for which property insurance proceeds would be used for  
778 roofing repairs or replacement.

779 (b) Notwithstanding the fine set forth in s. 626.8698, a  
780 public adjuster or public adjuster apprentice may be subject to  
781 a fine not to exceed \$10,000 per act for a violation of this  
782 subsection and a fine not to exceed \$20,000 per act for a  
783 violation of this subsection that occurs during a state of  
784 emergency declared by executive order or proclamation of the  
785 Governor pursuant to s. 252.36.

786 (c) A person who engages in an act prohibited by this  
787 subsection and who is not a public adjuster or a public adjuster  
788 apprentice, or is not otherwise exempt from licensure, is guilty  
789 of the unlicensed practice of public adjusting and may be:

790 1. Subject to all applicable penalties set forth in this  
791 part.

792 2. Notwithstanding subparagraph 1., subject to a fine not  
793 to exceed \$10,000 per act for a violation of this subsection and  
794 a fine not to exceed \$20,000 per act for a violation of this  
795 subsection that occurs during a state of emergency declared by  
796 executive order or proclamation of the Governor pursuant to s.  
797 252.36.

798 Section 10. Section 626.860, Florida Statutes, is amended  
799 to read:

800 626.860 Attorneys at law; exemption.—Attorneys at law duly



801 licensed to practice law in the courts of this state, and in  
802 good standing with The Florida Bar, shall not be required to be  
803 licensed under ~~the provisions of~~ this code to authorize them to  
804 adjust or participate in the adjustment of any claim, loss, or  
805 damage arising under policies or contracts of insurance. This  
806 exemption does not extend to the employees, interns, volunteers,  
807 or contractors of an attorney or of a law firm.

808 Section 11. Section 626.875, Florida Statutes, is amended  
809 to read:

810 626.875 Office and records.—

811 (1) (a) Each appointed independent adjuster and licensed  
812 public adjuster must maintain a place of business in this state  
813 which is accessible to the public and keep therein the usual and  
814 customary records pertaining to transactions under the license.  
815 This provision does not prohibit maintenance of such an office  
816 in the home of the licensee.

817 (b) A license issued under this chapter must at all times  
818 be posted in a conspicuous place in the principal place of  
819 business of the license holder. If the licensee is conducting  
820 business away from the place of business such that the license  
821 cannot be posted, the licensee shall have such license in his or  
822 her actual possession at the time of carrying on such business.

823 (2) The records of the adjuster relating to a particular  
824 claim or loss shall be so retained in the adjuster's place of  
825 business for a period of not less than 5 years after completion

826 of the adjustment and shall be available for inspection by the  
827 department at all times. This provision shall not be deemed to  
828 prohibit return or delivery to the insurer or insured of  
829 documents furnished to or prepared by the adjuster and required  
830 by the insurer or insured to be returned or delivered thereto.  
831 At a minimum, the following records must be maintained for a  
832 period of not less than 5 years:

833 (a) Name, address, telephone number, and e-mail address of  
834 the insured, and the name of the attorney representing the  
835 insured, if applicable.

836 (b) The date, location, and amount of the loss.

837 (c) An unaltered copy of the executed disclosure document  
838 required by s. 626.8796.

839 (d) An unaltered copy of the executed public adjuster  
840 contract required by s. 626.8796.

841 (e) A copy of the estimate of damages provided to the  
842 insurer.

843 (f) The name of the insurer; the name of the claims  
844 representative of the insurer; and the amount, expiration date,  
845 and number of each policy under which the loss is covered.

846 (g) An itemized statement of the recoveries by the insured  
847 from the sources known to the adjuster.

848 (h) An itemized statement of all compensation received by  
849 the public adjuster from any source, in connection with the  
850 loss.

851           (i) A register of all money received, deposited,  
 852 disbursed, and withdrawn in connection with a transaction with  
 853 the insured, including fees, transfers, and disbursements in  
 854 connection with the loss.

855           Section 12. Section 626.8796, Florida Statutes, is amended  
 856 to read:

857           626.8796 Public adjuster contracts; disclosure statement;  
 858 fraud statement.-

859           (1) All contracts for public adjuster services must be in  
 860 writing in at least 12-point font, titled "Public Adjuster  
 861 Contract" and prominently display the following statement on the  
 862 contract in minimum 18-point bold type before the space reserved  
 863 for in the contract for the signature of the insured: "Pursuant  
 864 to s. 817.234, Florida Statutes, any person who, with the intent  
 865 to injure, defraud, or deceive an insurer or insured, prepares,  
 866 presents, or causes to be presented a proof of loss or estimate  
 867 of cost or repair of damaged property in support of a claim  
 868 under an insurance policy knowing that the proof of loss or  
 869 estimate of claim or repairs contains false, incomplete, or  
 870 misleading information concerning any fact or thing material to  
 871 the claim commits a felony of the third degree, punishable as  
 872 provided in s. 775.082, s. 775.083, or s. 775.084, Florida  
 873 Statutes."

874           (2) A public adjuster contract relating to a property and  
 875 casualty claim must contain the full name, permanent business

876 address, phone number, e-mail address, and license number of the  
 877 public adjuster; the full name of the public adjusting firm; and  
 878 the insured's full name, ~~and~~ street address, phone number, and  
 879 e-mail address, together with a brief description of the loss.  
 880 The contract must state the percentage of compensation for the  
 881 public adjuster's services in minimum 18-point bold type before  
 882 the space reserved for in the contract for the signature of the  
 883 insured; the type of claim, including an emergency claim,  
 884 nonemergency claim, or supplemental claim; the initials of the  
 885 named insured on each page that does not contain the insured's  
 886 signature; the signatures of the public adjuster and all named  
 887 insureds; and the signature date. If all of the named insureds'  
 888 signatures are not available, the public adjuster must submit an  
 889 affidavit signed by the available named insureds attesting that  
 890 they have authority to enter into the contract and settle all  
 891 claim issues on behalf of the named insureds. An unaltered copy  
 892 of the executed contract must be remitted to the insured at the  
 893 time of execution and to the insurer within 10 ~~30~~ days after  
 894 execution. A public adjusting firm that adjusts claims primarily  
 895 for commercial entities with operations in more than one state  
 896 and that does not directly or indirectly perform adjusting  
 897 services for insurers or individual homeowners is deemed to  
 898 comply with the requirements of this subsection if, at the time  
 899 a proof of loss is submitted, the public adjusting firm remits  
 900 to the insurer an affidavit signed by the public adjuster or

901 public adjuster apprentice that identifies:

902 (a) The full name, permanent business address, phone  
903 number, e-mail address, and license number of the public  
904 adjuster or public adjuster apprentice.

905 (b) The full name of the public adjusting firm.

906 (c) The insured's full name, ~~and~~ street address, phone  
907 number, and e-mail address, together with a brief description of  
908 the loss.

909 (d) An attestation that the compensation for public  
910 adjusting services will not exceed the limitations provided by  
911 law.

912 (e) The type of claim, including an emergency claim,  
913 nonemergency claim, or supplemental claim.

914 (3) The public adjuster shall not provide services until  
915 both the insured and insurer have been provided with unaltered  
916 copies of the executed contract.

917 (4) The insured may rescind the contract for public  
918 adjuster services if the public adjuster has not submitted a  
919 written estimate to the insurer within 60 days of executing the  
920 contract.

921 (5) Before the signing of the contract, the public  
922 adjuster shall provide the insured with a separate disclosure  
923 document to be signed by the insured, on a form adopted by the  
924 department, regarding the claim process that accomplishes the  
925 following:

926 (a) Defines the following types of adjusters who may be  
927 involved in the claim process: company adjuster, independent  
928 adjuster, and public adjuster.

929 (b) Explains that the public adjuster is not a  
930 representative or employee of the insurer.

931 (c) Explains that the insured is not required to hire a  
932 public adjuster, but has a right to do so.

933 (d) Explains that an insured has a right to initiate  
934 direct communications with the insured's attorney, the insurer,  
935 the company adjuster, the insurer's attorney, or any person  
936 regarding the settlement of the insured's claim.

937 (e) Explains that the public adjuster's salary, fee,  
938 commission, or other consideration to be paid to a public  
939 adjuster is the insured's responsibility.

940 (f) Explains that the public adjuster is required to  
941 provide the insured an unaltered copy of the executed contract  
942 at the time of execution.

943 (g) Explains that if the contract was entered based on  
944 events that are the subject of a declaration of a state of  
945 emergency by the Governor, the insured has a right to rescind  
946 the contract within 30 days.

947 (6) A contract that does not comply with this section is  
948 invalid and unenforceable.

949 (7) The department may adopt rules pursuant to ss.  
950 120.536(1) and 120.54 to implement this section, including rules

951 to adopt forms required by this section.

952 Section 13. Section 626.8797, Florida Statutes, is amended  
953 to read:

954 626.8797 Proof of loss; fraud statement.—All proof-of-loss  
955 statements must prominently display the following statement in  
956 minimum 18-point bold type before the space reserved in the  
957 contract for the signature of the insured: "Pursuant to s.  
958 817.234, Florida Statutes, any person who, with the intent to  
959 injure, defraud, or deceive any insurer or insured, prepares,  
960 presents, or causes to be presented a proof of loss or estimate  
961 of cost or repair of damaged property in support of a claim  
962 under an insurance policy knowing that the proof of loss or  
963 estimate of claim or repairs contains any false, incomplete, or  
964 misleading information concerning any fact or thing material to  
965 the claim commits a felony of the third degree, punishable as  
966 provided in s. 775.082, s. 775.083, or s. 775.084, Florida  
967 Statutes."

968 Section 14. Paragraph (a) of subsection (1) of section  
969 626.9541, Florida Statutes, is amended to read:

970 626.9541 Unfair methods of competition and unfair or  
971 deceptive acts or practices defined.—

972 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE  
973 ACTS.—The following are defined as unfair methods of competition  
974 and unfair or deceptive acts or practices:

975 (a) Misrepresentations and false advertising of insurance

976 | policies.—Knowingly making, issuing, circulating, or causing to  
 977 | be made, issued, or circulated, any estimate, illustration,  
 978 | circular, statement, sales presentation, omission, comparison,  
 979 | or property and casualty certificate of insurance altered after  
 980 | being issued, which:

- 981 |       1. Misrepresents the benefits, advantages, conditions, or  
 982 | terms of any insurance policy.
- 983 |       2. Misrepresents the dividends or share of the surplus to  
 984 | be received on any insurance policy.
- 985 |       3. Makes any false or misleading statements as to the  
 986 | dividends or share of surplus previously paid on any insurance  
 987 | policy.
- 988 |       4. Is misleading, or is a misrepresentation, as to the  
 989 | financial condition of any person or as to the legal reserve  
 990 | system upon which any life insurer operates.
- 991 |       5. Uses any name or title of any insurance policy or class  
 992 | of insurance policies misrepresenting the true nature thereof.
- 993 |       6. Is a misrepresentation for the purpose of inducing, or  
 994 | tending to induce, the lapse, forfeiture, exchange, conversion,  
 995 | or surrender of any insurance policy.
- 996 |       7. Is a misrepresentation for the purpose of effecting a  
 997 | pledge or assignment of, or effecting a loan against, any  
 998 | insurance policy.
- 999 |       8. Misrepresents any insurance policy as being shares of  
 1000 | stock or misrepresents ownership interest in the company.



1001           9. Uses any advertisement that would mislead or otherwise  
 1002 cause a reasonable person to believe mistakenly that the state  
 1003 or the Federal Government is responsible for the insurance sales  
 1004 activities of any person or stands behind any person's credit or  
 1005 that any person, the state, or the Federal Government guarantees  
 1006 any returns on insurance products or is a source of payment of  
 1007 any insurance obligation of or sold by any person.

1008           10. Fails to disclose a third party that receives  
 1009 royalties, referral fees, or other remuneration for sponsorship,  
 1010 marketing, or use of third-party branding for a policy of health  
 1011 insurance as defined in s. 624.603.

1012           Section 15. Paragraph (c) of subsection (2) of section  
 1013 627.4025, Florida Statutes, is amended, and paragraph (d) is  
 1014 added to that subsection, to read:

1015           627.4025 Residential coverage and hurricane coverage  
 1016 defined.—

1017           (2) As used in policies providing residential coverage:

1018           (c) "Hurricane" for purposes of paragraphs (a) and (b)  
 1019 means a storm system that has been declared to be a hurricane by  
 1020 the National Hurricane Center of the National Weather Service.  
 1021 The duration of the hurricane includes the time period, in  
 1022 Florida:

1023           1. Beginning at the time a ~~hurricane watch or~~ hurricane  
 1024 warning is issued for any part of Florida by the National  
 1025 Hurricane Center of the National Weather Service; and

1026 ~~2. Continuing for the time period during which the~~  
 1027 ~~hurricane conditions exist anywhere in Florida; and~~

1028 ~~3.~~ Ending 24 ~~72~~ hours following the termination of the  
 1029 last hurricane watch or hurricane warning issued for any part of  
 1030 Florida by the National Hurricane Center of the National Weather  
 1031 Service.

1032 (d) "Hurricane deductible" means the deductible applicable  
 1033 to loss caused by a hurricane.

1034 Section 16. Paragraph (b) of subsection (1) and paragraph  
 1035 (b) of subsection (2) of section 627.4133, Florida Statutes, are  
 1036 amended to read:

1037 627.4133 Notice of cancellation, nonrenewal, or renewal  
 1038 premium.—

1039 (1) Except as provided in subsection (2):

1040 (b) An insurer issuing a policy providing coverage for  
 1041 property, casualty, except mortgage guaranty, surety, or marine  
 1042 insurance, other than motor vehicle insurance subject to s.  
 1043 627.728 or s. 627.7281, shall give the first-named insured  
 1044 written notice of cancellation or termination other than  
 1045 nonrenewal at least 45 days prior to the effective date of the  
 1046 cancellation or termination, including in the written notice the  
 1047 reason or reasons for the cancellation or termination, except  
 1048 that:

1049 1. When cancellation is for nonpayment of premium, at  
 1050 least 10 days' written notice of cancellation accompanied by the

1051 reason therefor shall be given. As used in this subparagraph and  
1052 s. 440.42(3), the term "nonpayment of premium" means failure of  
1053 the named insured to discharge when due any of her or his  
1054 obligations in connection with the payment of premiums on a  
1055 policy or any installment of such premium, whether the premium  
1056 is payable directly to the insurer or its agent or indirectly  
1057 under any premium finance plan or extension of credit, or  
1058 failure to maintain membership in an organization if such  
1059 membership is a condition precedent to insurance coverage.  
1060 "Nonpayment of premium" also means the failure of a financial  
1061 institution to honor an insurance applicant's check after  
1062 delivery to a licensed agent for payment of a premium, even if  
1063 the agent has previously delivered or transferred the premium to  
1064 the insurer. If a dishonored check represents the initial  
1065 premium payment, the contract and all contractual obligations  
1066 shall be void ab initio unless the nonpayment is cured within  
1067 the earlier of 5 days after actual notice by certified mail is  
1068 received by the applicant or 15 days after notice is sent to the  
1069 applicant by certified mail or registered mail, and if the  
1070 contract is void, any premium received by the insurer from a  
1071 third party shall be refunded to that party in full; and  
1072       2. When such cancellation or termination occurs during the  
1073 first 90 days during which the insurance is in force and the  
1074 insurance is canceled or terminated for reasons other than  
1075 nonpayment of premium, at least 20 days' written notice of

1076 | cancellation or termination accompanied by the reason therefor  
1077 | shall be given except where there has been a material  
1078 | misstatement or misrepresentation or failure to comply with the  
1079 | underwriting requirements established by the insurer.

1080 |  
1081 | After the policy has been in effect for 60 ~~90~~ days, no such  
1082 | policy shall be canceled by the insurer except when there has  
1083 | been a material misstatement, a nonpayment of premium, a failure  
1084 | to comply with underwriting requirements established by the  
1085 | insurer within 90 days of the date of effectuation of coverage,  
1086 | or a substantial change in the risk covered by the policy or  
1087 | when the cancellation is for all insureds under such policies  
1088 | for a given class of insureds. This subsection does not apply to  
1089 | individually rated risks having a policy term of less than 90  
1090 | days.

1091 |       (2) With respect to any personal lines or commercial  
1092 | residential property insurance policy, including, but not  
1093 | limited to, any homeowner, mobile home owner, farmowner,  
1094 | condominium association, condominium unit owner, apartment  
1095 | building, or other policy covering a residential structure or  
1096 | its contents:

1097 |       (b) The insurer shall give the first-named insured written  
1098 | notice of nonrenewal, cancellation, or termination at least 120  
1099 | days before the effective date of the nonrenewal, cancellation,  
1100 | or termination. The notice must include the reason for the

1101 nonrenewal, cancellation, or termination, except that:

1102       1. If cancellation is for nonpayment of premium, at least

1103 10 days' written notice of cancellation accompanied by the

1104 reason therefor must be given. As used in this subparagraph, the

1105 term "nonpayment of premium" means failure of the named insured

1106 to discharge when due her or his obligations for paying the

1107 premium on a policy or an installment of such premium, whether

1108 the premium is payable directly to the insurer or its agent or

1109 indirectly under a premium finance plan or extension of credit,

1110 or failure to maintain membership in an organization if such

1111 membership is a condition precedent to insurance coverage. The

1112 term also means the failure of a financial institution to honor

1113 an insurance applicant's check after delivery to a licensed

1114 agent for payment of a premium even if the agent has previously

1115 delivered or transferred the premium to the insurer. If a

1116 dishonored check represents the initial premium payment, the

1117 contract and all contractual obligations are void ab initio

1118 unless the nonpayment is cured within the earlier of 5 days

1119 after actual notice by certified mail is received by the

1120 applicant or 15 days after notice is sent to the applicant by

1121 certified mail or registered mail. If the contract is void, any

1122 premium received by the insurer from a third party must be

1123 refunded to that party in full.

1124       2. If cancellation or termination occurs during the first

1125 90 days the insurance is in force and the insurance is canceled

1126 or terminated for reasons other than nonpayment of premium, at  
1127 least 20 days' written notice of cancellation or termination  
1128 accompanied by the reason therefor must be given unless there  
1129 has been a material misstatement or misrepresentation or a  
1130 failure to comply with the underwriting requirements established  
1131 by the insurer.

1132 3. After the policy has been in effect for 60 ~~90~~ days, the  
1133 policy may not be canceled by the insurer unless there has been  
1134 a material misstatement; a nonpayment of premium; a failure to  
1135 comply, within 90 days after the date of effectuation of  
1136 coverage, with underwriting requirements established by the  
1137 insurer before the date of effectuation of coverage; or a  
1138 substantial change in the risk covered by the policy or unless  
1139 the cancellation is for all insureds under such policies for a  
1140 given class of insureds. This subparagraph does not apply to  
1141 individually rated risks that have a policy term of less than 90  
1142 days.

1143 4. After a policy or contract has been in effect for more  
1144 than 90 days, the insurer may not cancel or terminate the policy  
1145 or contract based on credit information available in public  
1146 records.

1147 5. A policy that is nonrenewed by Citizens Property  
1148 Insurance Corporation, pursuant to s. 627.351(6), for a policy  
1149 that has been assumed by an authorized insurer offering  
1150 replacement coverage to the policyholder is exempt from the

1151 notice requirements of paragraph (a) and this paragraph. In such  
 1152 cases, the corporation must give the named insured written  
 1153 notice of nonrenewal at least 45 days before the effective date  
 1154 of the nonrenewal.

1155 6. Notwithstanding any other provision of law, an insurer  
 1156 may cancel or nonrenew a property insurance policy after at  
 1157 least 45 days' notice if the office finds that the early  
 1158 cancellation of some or all of the insurer's policies is  
 1159 necessary to protect the best interests of the public or  
 1160 policyholders and the office approves the insurer's plan for  
 1161 early cancellation or nonrenewal of some or all of its policies.  
 1162 The office may base such finding upon the financial condition of  
 1163 the insurer, lack of adequate reinsurance coverage for hurricane  
 1164 risk, or other relevant factors. The office may condition its  
 1165 finding on the consent of the insurer to be placed under  
 1166 administrative supervision pursuant to s. 624.81 or to the  
 1167 appointment of a receiver under chapter 631.

1168 7. A policy covering both a home and a motor vehicle may  
 1169 be nonrenewed for any reason applicable to the property or motor  
 1170 vehicle insurance after providing 90 days' notice.

1171 Section 17. Effective January 1, 2024, section 627.4554,  
 1172 Florida Statutes, is amended to read:

1173 627.4554 Suitability in annuity transactions ~~investments.~~—

1174 (1) PURPOSE.—The purpose of this section is to require  
 1175 agents to act in the best interest of the consumer when making

1176 a recommendation of an annuity and to require insurers to  
1177 establish and maintain a system to supervise so ~~set forth~~  
1178 ~~standards and procedures for making recommendations to consumers~~  
1179 ~~which result in transactions involving annuity products, and to~~  
1180 ~~establish a system for supervising such recommendations in order~~  
1181 ~~to ensure that the insurance needs and financial objectives of~~  
1182 consumers are effectively ~~appropriately~~ addressed at the time of  
1183 the transaction.

1184 (2) SCOPE.—This section applies to any sale or  
1185 recommendation of ~~made to a consumer to purchase, exchange, or~~  
1186 ~~replace an annuity by an insurer or its agent, and which results~~  
1187 ~~in the purchase, exchange, or replacement recommended.~~

1188 (3) DEFINITIONS.—As used in this section, the term:

1189 (a) "Agent" means a person or entity required to be  
1190 licensed under the laws of this state to sell, solicit, or  
1191 negotiate insurance, including annuities. For purposes of this  
1192 section, the term includes an insurer where no agent is involved  
1193 ~~has the same meaning as provided in s. 626.015.~~

1194 (b) "Annuity" means an insurance product under state law  
1195 which is individually solicited, whether classified as an  
1196 individual or group annuity.

1197 (c) "Cash compensation" means any discount, concession,  
1198 fee, service fee, commission, sales charge, loan, override, or  
1199 cash benefit received by an agent in connection with the  
1200 recommendation or sale of an annuity from an insurer,



1201 intermediary, or directly from the consumer.

1202 (d) "Consumer profile information" means information that

1203 is reasonably appropriate to determine whether a recommendation

1204 addresses the consumer's financial situation, insurance needs

1205 and financial objectives, including, at a minimum, the

1206 following:

1207 1. Age.

1208 2. Annual income.

1209 3. Financial situation and needs, including debts and

1210 other obligations.

1211 4. Financial experience.

1212 5. Insurance needs.

1213 6. Financial objectives.

1214 7. Intended use of the annuity.

1215 8. Financial time horizon.

1216 9. Existing assets or financial products, including

1217 investment, annuity, and insurance holdings.

1218 10. Liquidity needs.

1219 11. Liquid net worth.

1220 12. Risk tolerance, including, but not limited to,

1221 willingness to accept nonguaranteed elements in the annuity.

1222 13. Financial resources used to fund the annuity.

1223 14. Tax status.

1224 (e)-(e) "FINRA" means the Financial Industry Regulatory

1225 Authority or a succeeding agency.

1226 (f)~~(d)~~ "Insurer" has the same meaning as provided in s.  
 1227 624.03.

1228 (g) "Intermediary" means an entity contracted directly  
 1229 with an insurer or with another entity contracted with an  
 1230 insurer to facilitate the sale of the insurer's annuities by  
 1231 agents.

1232 (h) "Material conflict of interest" means a financial  
 1233 interest of the agent in the sale of an annuity that a  
 1234 reasonable person would expect to influence the impartiality of  
 1235 a recommendation. The term does not include cash compensation or  
 1236 noncash compensation.

1237 (i) "Noncash compensation" means any form of compensation  
 1238 that is not cash compensation, including, but not limited to,  
 1239 health insurance, office rent, office support, and retirement  
 1240 benefits.

1241 (j) "Nonguaranteed elements" means the premiums, credited  
 1242 interest rates, including any bonus; benefits; values;  
 1243 dividends; noninterest based credits; charges; or elements of  
 1244 formulas used to determine any of these, that are subject to  
 1245 company discretion and are not guaranteed at issue. An element  
 1246 is considered nonguaranteed if any of the underlying  
 1247 nonguaranteed elements are used in its calculation.

1248 (k)~~(e)~~ "Recommendation" means advice provided by an  
 1249 ~~insurer or its agent to~~ an individual a consumer that was  
 1250 intended to result or does result ~~which would result in a the~~

1251 purchase, an exchange, or a replacement of an annuity in  
 1252 accordance with that advice. The term does not include general  
 1253 communication to the public, generalized customer services,  
 1254 assistance or administrative support, general educational  
 1255 information and tools, prospectuses, or other product and sales  
 1256 material.

1257 (1)(f) "Replacement" means a transaction in which a new  
 1258 annuity policy or contract is to be purchased and it is known or  
 1259 should be known to the proposing insurer or its agent, or to the  
 1260 proposing insurer whether or not an agent is involved, that by  
 1261 reason of such transaction an existing annuity or other  
 1262 insurance policy has been or is to be any of the following or  
 1263 contract will be:

1264 1. Lapsed, forfeited, surrendered or partially  
 1265 surrendered, assigned to the replacing insurer, or otherwise  
 1266 terminated;

1267 2. Converted to reduced paid-up insurance, continued as  
 1268 extended term insurance, or otherwise reduced in value due to  
 1269 the use of nonforfeiture benefits or other policy values;

1270 3. Amended so as to effect a reduction in benefits or the  
 1271 term for which coverage would otherwise remain in force or for  
 1272 which benefits would be paid;

1273 4. Reissued with a reduction in cash value; or

1274 5. Used in a financed purchase.

1275 (m) "SEC" means the United States Securities and Exchange

1276 Commission.

1277 ~~(g) "Suitability information" means information related to~~

1278 ~~the consumer which is reasonably appropriate to determine the~~

1279 ~~suitability of a recommendation made to the consumer, including~~

1280 ~~the following:~~

1281 ~~1. Age;~~

1282 ~~2. Annual income;~~

1283 ~~3. Financial situation and needs, including the financial~~

1284 ~~resources used for funding the annuity;~~

1285 ~~4. Financial experience;~~

1286 ~~5. Financial objectives;~~

1287 ~~6. Intended use of the annuity;~~

1288 ~~7. Financial time horizon;~~

1289 ~~8. Existing assets, including investment and life~~

1290 ~~insurance holdings;~~

1291 ~~9. Liquidity needs;~~

1292 ~~10. Liquid net worth;~~

1293 ~~11. Risk tolerance; and~~

1294 ~~12. Tax status.~~

1295 (4) EXEMPTIONS.—Unless otherwise specifically included,

1296 this section does not apply to transactions involving:

1297 (a) Direct-response solicitations where there is no

1298 recommendation based on information collected from the consumer

1299 pursuant to this section;

1300 (b) Contracts used to fund:

1301 1. An employee pension or welfare benefit plan that is  
 1302 covered by the federal Employee Retirement and Income Security  
 1303 Act;

1304 2. A plan described by s. 401(a), s. 401(k), s. 403(b), s.  
 1305 408(k), or s. 408(p) of the Internal Revenue Code, if  
 1306 established or maintained by an employer;

1307 3. A government or church plan defined in s. 414 of the  
 1308 Internal Revenue Code, a government or church welfare benefit  
 1309 plan, or a deferred compensation plan of a state or local  
 1310 government or tax-exempt organization under s. 457 of the  
 1311 Internal Revenue Code; or

1312 4. A nonqualified deferred compensation arrangement  
 1313 established or maintained by an employer or plan sponsor;

1314 ~~(c)5-~~ Settlements or assumptions of liabilities associated  
 1315 with personal injury litigation or a dispute or claim-resolution  
 1316 process; or

1317 ~~(d)6-~~ Formal prepaid funeral contracts.

1318 (5) DUTIES OF INSURERS AND AGENTS.—

1319 (a) An agent, when making a recommendation of an annuity,  
 1320 shall act in the best interest of the consumer under the  
 1321 circumstances known at the time the recommendation is made,  
 1322 without placing the financial interest of the agent or insurer  
 1323 ahead of the consumer's interest. An agent has acted in the best  
 1324 interest of the consumer if the agent has satisfied the  
 1325 following obligations regarding care, disclosure, conflict of

1326 interest, and documentation:

1327 1.a. The agent, in making a recommendation, shall exercise  
1328 reasonable diligence, care, and skill to:

1329 (I) Know the financial situation, insurance needs, and  
1330 financial objectives of the consumer.

1331 (II) Understand the available options after making a  
1332 reasonable inquiry into options available to the agent.

1333 (III) Have a reasonable basis to believe the recommended  
1334 option effectively addresses the consumer's financial situation,  
1335 insurance needs, and financial objectives over the life of the  
1336 product, as evaluated in light of the consumer profile  
1337 information.

1338 (IV) Communicate the reason or reasons for the  
1339 recommendation.

1340 b. The requirements of subparagraph a. include:

1341 (I) Making reasonable efforts to obtain consumer profile  
1342 information from the consumer before the recommendation of an  
1343 annuity.

1344 (II) Requiring an agent to consider the types of products  
1345 the agent is authorized and licensed to recommend or sell  
1346 address the consumer's financial situation, insurance needs, and  
1347 financial objectives. This does not require analysis or  
1348 consideration of any products outside the authority and license  
1349 of the agent or other possible alternative products or  
1350 strategies available in the market at the time of the

1351 recommendation. Agents shall be held to standards applicable to  
1352 agents with similar authority and licensure.

1353 (III) Having a reasonable basis to believe the consumer  
1354 would benefit from certain features of the annuity, such as  
1355 annuitization, death or living benefit or other insurance-  
1356 related features.

1357 c. The requirements of this subsection do not create a  
1358 fiduciary obligation or relationship and only create a  
1359 regulatory obligation as provided in this section.

1360 d. The consumer profile information, characteristics of  
1361 the insurer and product costs, rates, benefits and features are  
1362 those factors generally relevant in making a determination  
1363 whether an annuity effectively addresses the consumer's  
1364 financial situation, insurance needs, and financial objectives  
1365 but the level of importance of each factor under the care  
1366 obligation of this paragraph may vary depending on the facts and  
1367 circumstances of a particular case. However, each factor may not  
1368 be considered in isolation.

1369 e. The requirements under subparagraph a. apply to the  
1370 particular annuity as a whole and the underlying subaccounts to  
1371 which funds are allocated at the time of purchase or exchange of  
1372 an annuity, and riders and similar product enhancements, if any.

1373 f. Subparagraph a. does not require that the annuity with  
1374 the lowest one-time occurrence compensation structure or  
1375 multiple occurrence compensation structure shall necessarily be

1376 recommended.

1377 g. Subparagraph a. does not require the agent to have  
1378 ongoing monitoring obligations under the care obligation,  
1379 although such an obligation may be separately owed under the  
1380 terms of a fiduciary, consulting, investment, advising, or  
1381 financial planning agreement between the consumer and the agent.

1382 h. In the case of an exchange or replacement of an  
1383 annuity, the agent shall consider the whole transaction, which  
1384 includes taking into consideration whether:

1385 (I) The consumer will incur a surrender charge; be subject  
1386 to the commencement of a new surrender period; lose existing  
1387 benefits, such as death, living or other contractual benefits;  
1388 or be subject to increased fees, investment advisory fees, or  
1389 charges for riders and similar product enhancements.

1390 (II) The replacing product would substantially benefit the  
1391 consumer in comparison to the replaced product over the life of  
1392 the product.

1393 (III) The consumer has had another annuity exchange or  
1394 replacement and, in particular, an exchange or replacement  
1395 within the preceding 60 months.

1396 i. This section does not require an agent to obtain any  
1397 license other than an agent license with the appropriate line of  
1398 authority to sell, solicit, or negotiate insurance in this  
1399 state, including, but not limited to, any securities license, in  
1400 order to fulfill the duties and obligations contained in this



1401 section; provided, the agent does not give advice or provide  
 1402 services that are otherwise subject to securities laws or engage  
 1403 in any other activity requiring other professional licenses.

1404 2.a. Before the recommendation or sale of an annuity, the  
 1405 agent shall prominently disclose to the consumer on a form  
 1406 substantially similar to that posted on the office website as  
 1407 Appendix A:

1408 (I) A description of the scope and terms of the  
 1409 relationship with the consumer and the role of the agent in the  
 1410 transaction.

1411 (II) An affirmative statement on whether the agent is  
 1412 licensed and authorized to sell the following products:

- 1413 (A) Fixed annuities.
- 1414 (B) Fixed indexed annuities.
- 1415 (C) Variable annuities.
- 1416 (D) Life insurance.
- 1417 (E) Mutual funds.
- 1418 (F) Stocks and bonds.
- 1419 (G) Certificates of deposit.

1420 (III) An affirmative statement describing the insurers for  
 1421 which the agent is authorized, contracted or appointed, or  
 1422 otherwise able to sell insurance products, using the following  
 1423 descriptions:

- 1424 (A) From one insurer;
- 1425 (B) From two or more insurers; or

1426 (C) From two or more insurers, although primarily  
 1427 contracted with one insurer.

1428 (IV) A description of the sources and types of cash  
 1429 compensation and noncash compensation to be received by the  
 1430 agent, including whether the agent is to be compensated for the  
 1431 sale of a recommended annuity by commission as part of premium  
 1432 or other remuneration received from the insurer, intermediary or  
 1433 other agent, or by fee as a result of a contract for advice or  
 1434 consulting services; and

1435 (V) A notice of the consumer's right to request additional  
 1436 information regarding cash compensation described in  
 1437 subparagraph b.

1438 b. Upon request of the consumer or the consumer's  
 1439 designated representative, the agent shall disclose:

1440 (I) A reasonable estimate of the amount of cash  
 1441 compensation to be received by the agent, which may be stated as  
 1442 a range of amounts or percentages.

1443 (II) Whether the cash compensation is a one-time or  
 1444 multiple occurrence amount, and if a multiple occurrence amount,  
 1445 the frequency and amount of the occurrence, which may be stated  
 1446 as a range of amounts or percentages; and ~~When recommending the~~  
 1447 ~~purchase or exchange of an annuity to a consumer which results~~  
 1448 ~~in an insurance transaction or series of insurance transactions,~~  
 1449 ~~the agent, or the insurer where no agent is involved, must have~~  
 1450 ~~reasonable grounds for believing that the recommendation is~~

1451 ~~suitable for the consumer, based on the consumer's suitability~~  
1452 ~~information, and that there is a reasonable basis to believe all~~  
1453 ~~of the following:~~

1454 c.1. Before or at the time of the recommendation or sale  
1455 of an annuity, the agent shall have a reasonable basis to  
1456 believe the consumer has been ~~reasonably~~ informed of various  
1457 features of the annuity, such as the potential surrender period  
1458 and surrender charge; potential tax penalty if the consumer  
1459 sells, exchanges, surrenders, or annuitizes the annuity;  
1460 mortality and expense fees; any annual fees; investment advisory  
1461 fees; potential charges for and features of riders or other  
1462 options of the annuity; limitations on interest returns;  
1463 potential changes in nonguaranteed elements of the annuity;  
1464 insurance and investment components; and market risk.

1465 2. The consumer would benefit from certain features of the  
1466 annuity, such as tax-deferred growth, annuitization, or the  
1467 death or living benefit.

1468 3. An agent shall identify and avoid or reasonably manage  
1469 and disclose material conflicts of interest, including material  
1470 conflicts of interest related to an ownership interest.

1471 4. An agent shall at the time of the recommendation or  
1472 sale:

1473 a. Make a written record of any recommendation and the  
1474 basis for the recommendation, subject to this section.

1475 b. Obtain a consumer signed statement on a form

1476 substantially similar to that posted on the office website as  
1477 Appendix B, documenting:

1478 (I) A consumer's refusal to provide the consumer profile  
1479 information, if any.

1480 (II) A consumer's understanding of the ramifications of  
1481 not providing his or her consumer profile information or  
1482 providing insufficient consumer profile information.

1483 c. Obtain a consumer signed statement on a form  
1484 substantially similar to that posted on the office website as  
1485 Appendix C, acknowledging the annuity transaction is not  
1486 recommended if a consumer decides to enter into an annuity  
1487 transaction that is not based on the agent's recommendation.

1488 5. Application of the best interest obligation. Any  
1489 requirement applicable to an agent under this subsection shall  
1490 apply to every agent who has exercised material control or  
1491 influence in the making of a recommendation and has received  
1492 direct compensation as a result of the recommendation or sale,  
1493 regardless of whether the agent has had any direct contact with  
1494 the consumer. Activities such as providing or delivering  
1495 marketing or education materials, product wholesaling or other  
1496 back office product support, and general supervision of an agent  
1497 do not, in and of themselves, constitute material control or  
1498 influence.

1499 ~~3. The particular annuity as a whole, the underlying~~  
1500 ~~subaccounts to which funds are allocated at the time of purchase~~

1501 ~~or exchange of the annuity, and riders and similar product~~  
 1502 ~~enhancements, if any, are suitable; and, in the case of an~~  
 1503 ~~exchange or replacement, the transaction as a whole is suitable~~  
 1504 ~~for the particular consumer based on his or her suitability~~  
 1505 ~~information.~~

1506 ~~4. In the case of an exchange or replacement of an~~  
 1507 ~~annuity, the exchange or replacement is suitable after~~  
 1508 ~~considering whether the consumer:~~

1509 ~~a. Will incur a surrender charge; be subject to the~~  
 1510 ~~commencement of a new surrender period; lose existing benefits,~~  
 1511 ~~such as death, living, or other contractual benefits; or be~~  
 1512 ~~subject to increased fees, investment advisory fees, or charges~~  
 1513 ~~for riders and similar product enhancements;~~

1514 ~~b. Would benefit from product enhancements and~~  
 1515 ~~improvements; and~~

1516 ~~c. Has had another annuity exchange or replacement,~~  
 1517 ~~including an exchange or replacement within the preceding 36~~  
 1518 ~~months.~~

1519 ~~(b) Before executing a purchase, exchange, or replacement~~  
 1520 ~~of an annuity resulting from a recommendation, an insurer or its~~  
 1521 ~~agent must make reasonable efforts to obtain the consumer's~~  
 1522 ~~suitability information. The information shall be collected on~~  
 1523 ~~form DFS-H1-1980, which is hereby incorporated by reference, and~~  
 1524 ~~completed and signed by the applicant and agent. Questions~~  
 1525 ~~requesting this information must be presented in at least 12-~~

1526 ~~point type and be sufficiently clear so as to be readily~~  
1527 ~~understandable by both the agent and the consumer. A true and~~  
1528 ~~correct executed copy of the form must be provided by the agent~~  
1529 ~~to the insurer, or to the person or entity that has contracted~~  
1530 ~~with the insurer to perform this function as authorized by this~~  
1531 ~~section, within 10 days after execution of the form, and shall~~  
1532 ~~be provided to the consumer no later than the date of delivery~~  
1533 ~~of the contract or contracts.~~

1534 ~~(c) Except as provided under paragraph (d), an insurer may~~  
1535 ~~not issue an annuity recommended to a consumer unless there is a~~  
1536 ~~reasonable basis to believe the annuity is suitable based on the~~  
1537 ~~consumer's suitability information.~~

1538 ~~(b)(d) 1. Except as provided under subparagraph 2, An~~  
1539 ~~insurer's issuance of an annuity must be reasonable based on all~~  
1540 ~~the circumstances actually known to the insurer at the time the~~  
1541 ~~annuity is issued. However, an insurer or its agent shall not~~  
1542 ~~have does not have an obligation to a consumer related to an~~  
1543 ~~annuity transaction under paragraph (a)1.(a) or paragraph (c)~~  
1544 ~~if:~~

1545 ~~a.1. A recommendation has not been made;~~

1546 ~~b.2. A recommendation was made and is later found to have~~  
1547 ~~been based on materially inaccurate information provided by the~~  
1548 ~~consumer;~~

1549 ~~c.3. A consumer refuses to provide relevant consumer~~  
1550 ~~profile suitability information and the annuity transaction is~~

1551 not recommended; or

1552 ~~d.4.~~ A consumer decides to enter into an annuity  
 1553 transaction that is not based on a recommendation of an insurer  
 1554 or its agent.

1555 2. An insurer's issuance of an annuity subject to  
 1556 subparagraph 1. shall be reasonable under all the circumstances  
 1557 actually known to the insurer at the time the annuity is issued.

1558 (c)1. Except as permitted under paragraph (b), an insurer  
 1559 may not issue an annuity recommended to a consumer unless there  
 1560 is a reasonable basis to believe the annuity would effectively  
 1561 address the particular consumer's financial situation, insurance  
 1562 needs, and financial objectives based on the consumer's consumer  
 1563 profile information.

1564 ~~(e) At the time of sale, the agent or the agent's~~  
 1565 ~~representative must:~~

1566 ~~1. Make a record of any recommendation made to the~~  
 1567 ~~consumer pursuant to paragraph (a);~~

1568 ~~2. Obtain the consumer's signed statement documenting his~~  
 1569 ~~or her refusal to provide suitability information, if~~  
 1570 ~~applicable; and~~

1571 ~~3. Obtain the consumer's signed statement acknowledging~~  
 1572 ~~that an annuity transaction is not recommended if he or she~~  
 1573 ~~decides to enter into an annuity transaction that is not based~~  
 1574 ~~on the insurer's or its agent's recommendation, if applicable.~~

1575 ~~(f) Before executing a replacement or exchange of an~~

1576 ~~annuity contract resulting from a recommendation, the agent must~~  
 1577 ~~provide on form DFS-H1-1981, which is hereby incorporated by~~  
 1578 ~~reference, information that compares the differences between the~~  
 1579 ~~existing annuity contract and the annuity contract being~~  
 1580 ~~recommended in order to determine the suitability of the~~  
 1581 ~~recommendation and its benefit to the consumer. A true and~~  
 1582 ~~correct executed copy of this form must be provided by the agent~~  
 1583 ~~to the insurer, or to the person or entity that has contracted~~  
 1584 ~~with the insurer to perform this function as authorized by this~~  
 1585 ~~section, within 10 days after execution of the form, and must be~~  
 1586 ~~provided to the consumer no later than the date of delivery of~~  
 1587 ~~the contract or contracts.~~

1588 2.(g) An insurer shall establish and maintain a  
 1589 supervision system that is reasonably designed to achieve the  
 1590 insurer's and its agent's compliance with this section  
 1591 including, but not limited to, the following:-

1592 ~~1. Such system must include, but is not limited to:-~~

1593 a. The insurer shall establish and maintain ~~Maintaining~~  
 1594 reasonable procedures to inform its agents of the requirements  
 1595 of this section and incorporating those requirements into  
 1596 relevant agent training manuals.†

1597 b. The insurer shall establish and maintain ~~Establishing~~  
 1598 standards for agent product training and shall establish and  
 1599 maintain reasonable procedures to require its agents to comply  
 1600 with the requirements of subsection (6).†



1601 c. The insurer shall provide ~~Providing~~ product-specific  
 1602 training and training materials that explain all material  
 1603 features of its annuity products to its agents. ~~‡~~

1604 d. The insurer shall establish and maintain ~~Maintaining~~  
 1605 procedures for the review of each recommendation before issuance  
 1606 of an annuity which are designed to ensure that there is a  
 1607 reasonable basis to determine the recommended annuity would  
 1608 effectively address the particular consumer's financial  
 1609 situation, insurance needs, and financial objectives ~~for~~  
 1610 ~~determining that a recommendation is suitable.~~ Such review  
 1611 procedures may use a screening system for identifying selected  
 1612 transactions for additional review and may be accomplished  
 1613 electronically or through other means, including, but not  
 1614 limited to, physical review. Such electronic or other system may  
 1615 be designed to require additional review only of those  
 1616 transactions identified for additional review using established  
 1617 selection criteria. ~~‡~~

1618 e. The insurer shall establish and maintain ~~Maintaining~~  
 1619 reasonable procedures to detect recommendations that are not in  
 1620 compliance with paragraphs (a), (b), (d), and (e). This may  
 1621 include, but is not limited to ~~suitable, such as~~ confirmation of  
 1622 consumer profile ~~suitability~~ information, systematic customer  
 1623 surveys, agent and consumer interviews, confirmation letters,  
 1624 agent statements or attestations, and internal monitoring  
 1625 programs. This sub-subparagraph does not prevent an insurer from

1626 using sampling procedures or from confirming the consumer  
1627 profile suitability information after the issuance or delivery  
1628 of the annuity. ~~;~~ and

1629 f. The insurer shall establish and maintain reasonable  
1630 procedures to assess, prior to, or upon issuance or delivery of,  
1631 an annuity, whether an agent has provided to the consumer the  
1632 information required to be provided under this subsection.

1633 g. The insurer shall establish and maintain reasonable  
1634 procedures to identify and address suspicious consumer refusals  
1635 to provide consumer profile information.

1636 h. The insurer shall establish and maintain reasonable  
1637 procedures to identify and eliminate any sales contests, sales  
1638 quotas, bonuses, and noncash compensation that are based on the  
1639 sales of specific annuities within a limited period of time. The  
1640 requirements of this subparagraph are not intended to prohibit  
1641 the receipt of health insurance, office rents, office support,  
1642 retirement benefits, or other employee benefits by employees as  
1643 long as those benefits are not based upon the volume of sales of  
1644 a specific annuity within a limited period of time.

1645 i.f. The insurer shall annually provide ~~providing~~ a  
1646 written report to senior managers, including the senior manager  
1647 who is responsible for audit functions, which details a review,  
1648 along with appropriate testing, which is reasonably designed to  
1649 determine the effectiveness of the supervision system, the  
1650 exceptions found, and corrective action taken or recommended, if

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2023

1651 any.

1652 ~~3.2.~~ An insurer is not required to include in its  
1653 supervision system:

1654 a. Agent recommendations to consumers of products other  
1655 than the annuities offered by the insurer;

1656 b. Consideration of or comparison to options available to  
1657 the agent or compensation relating to those options other than  
1658 annuities or other products offered by the insurer.

1659 ~~4.3.~~ An insurer may contract for performance of a  
1660 function, including maintenance of procedures, required under  
1661 subparagraph 1.

1662 a. An insurer's supervision system under this subsection  
1663 shall include supervision of contractual performance under this  
1664 subsection ~~If an insurer contracts for the performance of a~~  
1665 ~~function, the insurer must include the supervision of~~  
1666 ~~contractual performance as part of those procedures listed in~~  
1667 ~~subparagraph 1.~~ These include, but are not limited to:

1668 (I) Monitoring and, as appropriate, conducting audits to  
1669 ensure that the contracted function is properly performed; and

1670 (II) Annually obtaining a certification from a senior  
1671 manager who has responsibility for the contracted function that  
1672 the manager has a reasonable basis to represent, and does not  
1673 represent ~~for representing~~ that the function is being properly  
1674 performed.

1675 b. An insurer is responsible for taking appropriate

1676 corrective action and may be subject to sanctions and penalties  
 1677 pursuant to subsection (8) ~~(7)~~ regardless of whether the insurer  
 1678 contracts for performance of a function and regardless of the  
 1679 insurer's compliance with sub-subparagraph a.

1680 (d)(h) ~~Neither~~ an agent nor an insurer shall ~~may not~~  
 1681 dissuade, or attempt to dissuade, a consumer from:

- 1682 1. Truthfully responding to an insurer's request for
- 1683 confirmation of consumer profile suitability information;
- 1684 2. Filing a complaint; or
- 1685 3. Cooperating with the investigation of a complaint.

1686 (e)1.(i) ~~Recommendations and~~ sales made in compliance with  
 1687 comparable standards shall ~~FINRA requirements pertaining to the~~  
 1688 ~~suitability and supervision of annuity transactions~~ satisfy the  
 1689 requirements of this section. This applies to all  
 1690 recommendations and FINRA broker-dealer sales of ~~variable~~  
 1691 annuities made by financial professionals in compliance with  
 1692 business rules, controls, and procedures that satisfy a  
 1693 comparable standard even if such standard would not otherwise  
 1694 apply to the product or recommendation at issue ~~and fixed~~  
 1695 ~~annuities if the suitability and supervision is similar to those~~  
 1696 ~~applied to variable annuity sales.~~ However, this paragraph does  
 1697 not limit the ability of the office or the department to  
 1698 investigate and enforce, ~~including investigate, the provisions~~  
 1699 ~~of~~ this section.

1700 2. Subparagraph 1. shall not limit the insurer's

1701 obligation to comply with subsection (5)(c)1., although the  
 1702 insurer may base its analysis on information received from  
 1703 either the financial professional or the entity supervising the  
 1704 financial professional.

1705 3. For this paragraph to apply, an insurer shall ~~must~~:

1706 a.1. Monitor relevant conduct of the financial  
 1707 professional seeking to rely on subparagraph 1. or the entity  
 1708 responsible for supervising the financial professional, such as  
 1709 the financial professional's broker-dealer or an investment  
 1710 adviser registered under federal or state securities law, ~~the~~  
 1711 ~~FINRA member broker-dealer~~ using information collected in the  
 1712 normal course of an insurer's business; and

1713 b.2. Provide to the entity responsible for supervising the  
 1714 financial professional seeking to rely on subparagraph 1., such  
 1715 as the financial professional's broker dealer or investment  
 1716 adviser registered under federal or state securities laws, ~~FINRA~~  
 1717 ~~member broker-dealer~~ information and reports that are reasonably  
 1718 appropriate to assist such entity ~~the FINRA member broker-dealer~~  
 1719 in maintaining its supervision system.

1720 4. For purposes of this paragraph, the term:

1721 a. "Comparable standards" means:

1722 (I) With respect to broker-dealers and registered  
 1723 representatives of broker-dealers, applicable SEC and FINRA  
 1724 rules pertaining to best interest obligations and supervision of  
 1725 annuity recommendations and sales including, but not limited to,

1726 Regulation Best Interest, 17 C.F.R. s. 240.151-1, and any  
 1727 amendments or successor regulations thereto;  
 1728 (II) With respect to investment advisers registered under  
 1729 federal or state securities laws or investment adviser  
 1730 representatives, the fiduciary duties and all other requirements  
 1731 imposed on such investment advisers or investment adviser  
 1732 representatives by contract or under the Investment Advisers Act  
 1733 of 1940 or applicable state securities laws, including, but not  
 1734 limited to, Form ADV and interpretations; and  
 1735 (III) With respect to plan fiduciaries or fiduciaries, the  
 1736 duties, obligations, prohibitions and all other requirements  
 1737 attendant to such status under ERISA, or the IRC and any  
 1738 amendments or successor statutes thereto.  
 1739 b. "Financial professional" means an agent that is  
 1740 regulated and acting as:  
 1741 (I) A broker dealer registered under federal or state  
 1742 securities laws or a registered representative of a broker-  
 1743 dealer;  
 1744 (II) An investment adviser registered under federal or  
 1745 state securities laws or an investment adviser representative  
 1746 associated with the federal or state registered investment  
 1747 adviser; or  
 1748 (III) A plan fiduciary under Section 3(21) of the Employee  
 1749 Retirement Income Security Act of 1974 (ERISA) or fiduciary  
 1750 under Section 4975(e)(3) of the Internal Revenue Code (IRC) or

1751 any amendments or successor statutes thereto.

1752 (6) AGENT TRAINING.—

1753 (a) An agent shall not solicit the sale of an annuity  
1754 product unless the agent has adequate knowledge of the product  
1755 to recommend the annuity and the agent is in compliance with the  
1756 insurer's standards for product training. An agent may rely on  
1757 insurer-provided product-specific training standards and  
1758 materials to comply with this subsection.

1759 (b)1.a. An agent who engages in the sale of annuity  
1760 products shall complete a one-time 4 hour training course. This  
1761 requirement is not part of an agent's continuing education  
1762 requirement in s. 626.2815; however, if a course provider  
1763 submits and receives approval from the Department of Financial  
1764 Services, then the course could also be eligible for continuing  
1765 education credit pursuant to s. 626.2815.

1766 b. Agents who hold a life insurance line of authority on  
1767 the effective date of this act and who desire to sell annuities  
1768 shall complete the requirements of this subsection within 6  
1769 months after the effective date of this act. Individuals who  
1770 obtain a life insurance line of authority after the effective  
1771 date of this act may not engage in the sale of annuities until  
1772 the annuity training course required under this subsection has  
1773 been completed.

1774 2. The minimum length of the training required under this  
1775 subsection is 4 hours.

1776 3. The training required under this subsection shall  
1777 include information on the following topics:

1778 a. The types of annuities and various classifications of  
1779 annuities.

1780 b. Identification of the parties to an annuity.

1781 c. How product-specific annuity contract features affect  
1782 consumers.

1783 d. The application of income taxation of qualified and  
1784 nonqualified annuities.

1785 e. The primary uses of annuities.

1786 f. Appropriate standard of conduct, sales practices,  
1787 replacement, and disclosure requirements.

1788 4. Providers of courses intended to comply with this  
1789 subsection shall cover all topics listed in the prescribed  
1790 outline and shall not present any marketing information or  
1791 provide training on sales techniques or provide specific  
1792 information about a particular insurer's products. Additional  
1793 topics may be offered in conjunction with and in addition to the  
1794 required outline.

1795 5. An agent who has completed an annuity training course  
1796 prior to the effective date of this act shall, within 6 months  
1797 after the effective date of this act, complete either:

1798 a. A new 4-hour training course; or

1799 b. An additional one-hour training course on appropriate  
1800 sales practices, replacement, and disclosure requirements under



1801 this section.

1802 6. Annuity training courses may be conducted and completed  
 1803 by classroom or self-study methods.

1804 7. Providers of annuity training shall issue certificates  
 1805 of completion.

1806 8. The satisfaction of the training requirements of  
 1807 another state that are substantially similar to the provisions  
 1808 of this subsection shall be deemed to satisfy the training  
 1809 requirements of this subsection in this state.

1810 9. The satisfaction of the training requirements of any  
 1811 course or courses with components substantially similar to the  
 1812 provisions of this subsection shall be deemed to satisfy the  
 1813 training requirements of this subsection in this state.

1814 10. An insurer shall verify that an agent has completed  
 1815 the annuity training course required under this subsection  
 1816 before allowing the agent to sell an annuity product for that  
 1817 insurer.

1818 (7)-(6) RECORDKEEPING.-

1819 (a) Insurers and agents must maintain or be able to make  
 1820 available to the office or department records of the information  
 1821 collected from the consumer and other information used in making  
 1822 the recommendations that were the basis for insurance  
 1823 transactions for 5 years after the insurance transaction is  
 1824 completed by the insurer. An insurer may maintain the  
 1825 documentation on behalf of its agent.

1826 (b) Records required to be maintained under this  
1827 subsection may be maintained in paper, photographic,  
1828 microprocess, magnetic, mechanical, or electronic media, or by  
1829 any process that accurately reproduces the actual document.

1830 (8)~~(7)~~ COMPLIANCE MITIGATION; PENALTIES.—

1831 (a) An insurer is responsible for compliance with this  
1832 section. If a violation occurs because of the action or inaction  
1833 of the insurer or its agent which results in harm to a consumer,  
1834 the office may order the insurer to take reasonably appropriate  
1835 corrective action for the consumer and may impose appropriate  
1836 penalties and sanctions.

1837 (b) The department may order:

1838 1. An ~~insurance~~ agent to take reasonably appropriate  
1839 corrective action for a consumer harmed by a violation of this  
1840 section by the ~~insurance~~ agent, including monetary restitution  
1841 of penalties or fees incurred by the consumer, and impose  
1842 appropriate penalties and sanctions.

1843 2. A managing general agency or insurance agency that  
1844 employs or contracts with an ~~insurance~~ agent to sell or solicit  
1845 the sale of annuities to consumers to take reasonably  
1846 appropriate corrective action for a consumer harmed by a  
1847 violation of this section by the ~~insurance~~ agent.

1848 (c) In addition to any other penalty authorized under  
1849 chapter 626, the department shall order an insurance agent to  
1850 pay restitution to a consumer who has been deprived of money by

1851 the agent's misappropriation, conversion, or unlawful  
 1852 withholding of moneys belonging to the consumer in the course of  
 1853 a transaction involving annuities. The amount of restitution  
 1854 required to be paid may not exceed the amount misappropriated,  
 1855 converted, or unlawfully withheld. This paragraph does not limit  
 1856 or restrict a person's right to seek other remedies as provided  
 1857 by law.

1858 (d) Any applicable penalty under the Florida Insurance  
 1859 Code for a violation of this section shall be reduced or  
 1860 eliminated according to a schedule adopted by the office or the  
 1861 department, as appropriate, if corrective action for the  
 1862 consumer was taken promptly after a violation was discovered.

1863 (e) A violation of this section does not create or imply a  
 1864 private cause of action.

1865 (9)~~(8)~~ PROHIBITED CHARGES.—An annuity contract issued to a  
 1866 senior consumer age 65 or older may not contain a surrender or  
 1867 deferred sales charge for a withdrawal of money from an annuity  
 1868 exceeding 10 percent of the amount withdrawn. The charge shall  
 1869 be reduced so that no surrender or deferred sales charge exists  
 1870 after the end of the 10th policy year or 10 years after the date  
 1871 of each premium payment if multiple premiums are paid, whichever  
 1872 is later. This subsection does not apply to annuities purchased  
 1873 by an accredited investor, as defined in Regulation D as adopted  
 1874 by the United States Securities and Exchange Commission, or to  
 1875 those annuities specified in paragraph (4) (b).

1876 (10)~~(9)~~ RULES.—The department and the commission may adopt  
 1877 rules to administer this section.

1878 (11) The department may adopt by rulemaking the three  
 1879 forms prescribed in Appendices A through C of the National  
 1880 Association of Insurance Commissioners Suitability in Annuity  
 1881 Transactions Model Regulation entitled:

1882 (a) Insurance Agent (Producer) Disclosure For Annuities.

1883 (b) Consumer Refusal To Provide Information.

1884 (c) Consumer Decision to Purchase an Annuity NOT Based on  
 1885 a Recommendation.

1886 Section 18. Paragraph (b) of subsection (8) of section  
 1887 634.041, Florida Statutes, is amended to read:

1888 634.041 Qualifications for license.—To qualify for and  
 1889 hold a license to issue service agreements in this state, a  
 1890 service agreement company must be in compliance with this part,  
 1891 with applicable rules of the commission, with related sections  
 1892 of the Florida Insurance Code, and with its charter powers and  
 1893 must comply with the following:

1894 (8)

1895 (b) A service agreement company does not have to establish  
 1896 and maintain an unearned premium reserve if it secures and  
 1897 maintains contractual liability insurance in accordance with the  
 1898 following:

1899 1. Coverage of 100 percent of the claim exposure is  
 1900 obtained from an insurer approved by the office, which holds a

1901 certificate of authority under s. 624.401 to do business within  
1902 this state, or secured through a risk retention group, which is  
1903 authorized to do business within this state under s. 627.943 or  
1904 s. 627.944. Such insurer or risk retention group must maintain a  
1905 surplus as regards policyholders of at least \$15 million.

1906 2. If the service agreement company does not meet its  
1907 contractual obligations, the contractual liability insurance  
1908 policy binds its issuer to pay or cause to be paid to the  
1909 service agreement holder all legitimate claims and cancellation  
1910 refunds for all service agreements issued by the service  
1911 agreement company while the policy was in effect. This  
1912 requirement also applies to those service agreements for which  
1913 no premium has been remitted to the insurer.

1914 3. If the issuer of the contractual liability policy is  
1915 fulfilling the service agreements covered by the contractual  
1916 liability policy and the service agreement holder cancels the  
1917 service agreement, the issuer must make a full refund of  
1918 unearned premium to the consumer, subject to the cancellation  
1919 fee provisions of s. 634.121(3). The sales representative and  
1920 agent must refund to the contractual liability policy issuer  
1921 their unearned pro rata commission.

1922 4. The policy may not be canceled, terminated, or  
1923 nonrenewed by the insurer or the service agreement company  
1924 unless a 90-day written notice thereof has been given to the  
1925 office by the insurer before the date of the cancellation,

1926 termination, or nonrenewal.

1927 5. The service agreement company must provide the office  
1928 with the claims statistics.

1929 6. A policy issued in compliance with this subparagraph  
1930 may either pay 100 percent of claims as they are incurred, or  
1931 100 percent of claims due in the event of the failure of the  
1932 service agreement company to pay such claims when due.

1933  
1934 All funds or premiums remitted to an insurer by a motor vehicle  
1935 service agreement company under this part shall remain in the  
1936 care, custody, and control of the insurer and shall be counted  
1937 as an asset of the insurer; provided, however, this requirement  
1938 does not apply when the insurer and the motor vehicle service  
1939 agreement company are affiliated companies and members of an  
1940 insurance holding company system. If the motor vehicle service  
1941 agreement company chooses to comply with this paragraph but also  
1942 maintains a reserve to pay claims, such reserve shall only be  
1943 considered an asset of the covered motor vehicle service  
1944 agreement company and may not be simultaneously counted as an  
1945 asset of any other entity.

1946 Section 19. Paragraphs (d), (e), and (f) of subsection  
1947 (17) of section 634.401, Florida Statutes, are amended to read:

1948 634.401 Definitions.—As used in this part, the term:  
1949 (17) "Manufacturer" means any entity or its affiliate  
1950 which:

1951 ~~(d) Maintains outstanding debt obligations, if any, rated~~  
 1952 ~~in the top four rating categories by a recognized rating~~  
 1953 ~~service;~~

1954 (d)(e) Has and maintains at all times, a minimum net worth  
 1955 of at least \$100 ~~\$10~~ million as evidenced by certified financial  
 1956 statements prepared by an independent certified public  
 1957 accountant in accordance with generally accepted accounting  
 1958 principles; and

1959 (e)(f) Is authorized to do business in this state.

1960 Section 20. The Division of Law Revision is directed to  
 1961 replace the phrase "the effective date of this act" wherever it  
 1962 occurs in this act with the date this act becomes a law.

1963 Section 21. Except as otherwise expressly provided, this  
 1964 act shall take effect July 1, 2023.