

1 A bill to be entitled
2 An act relating to insurance; amending s. 624.3161,
3 F.S.; revising the entities for which the Office of
4 Insurance Regulation is required to conduct market
5 conduct examinations; revising the purpose of the
6 examination; amending s. 624.424, F.S.; requiring
7 insurers and insurer groups to file a specified
8 supplemental report on a monthly basis; requiring that
9 such report include certain information for each zip
10 code for which policies are written; amending s.
11 624.4305, F.S.; authorizing the Financial Services
12 Commission to adopt rules related to notice of
13 nonrenewal of residential property insurance policies;
14 amending s. 624.46226, F.S.; revising the requirements
15 for public housing authority self-insurance funds;
16 amending s. 626.9201, F.S.; prohibiting insurers from
17 canceling or nonrenewing certain insurance policies
18 under certain circumstances; providing exceptions;
19 providing construction; authorizing the commission to
20 adopt rules and the Commissioner of Insurance
21 Regulation to issue orders; amending s. 627.062, F.S.;
22 specifying requirements for rate filings if certain
23 models are used; amending s. 627.351, F.S.; revising
24 requirements for certain policies that are not subject
25 to certain rate increase limitations; amending ss.

26 | 628.011 and 628.061, F.S.; conforming provisions to
27 | changes made by the act; amending s. 628.801, F.S.;
28 | revising requirements for rules adopted for insurers
29 | that are members of an insurance holding company;
30 | deleting an obsolete date; authorizing the commission
31 | to adopt rules; amending s. 629.011, F.S.; defining
32 | terms; revising the definition of the term "reciprocal
33 | insurance"; repealing s. 629.021, F.S., relating to
34 | the definition of the term "reciprocal insurer";
35 | repealing s. 629.031, F.S., relating to the scope of
36 | ch. 629, F.S.; amending s. 629.051, F.S.; requiring a
37 | domestic reciprocal insurer to have and use certain
38 | names; requiring certain foreign or alien reciprocal
39 | insurers to use a fictitious name; creating s.
40 | 629.056, F.S.; requiring a reciprocal insurer to
41 | maintain a certain unearned premium reserves; defining
42 | the term "net written premiums"; requiring certain
43 | actions if the unearned premium reserves are less than
44 | a certain amount; repealing s. 629.061, F.S., relating
45 | to the term "attorney"; amending s. 629.071, F.S.;
46 | revising the surplus funds required of a reciprocal
47 | insurer; amending s. 629.081, F.S.; revising the
48 | procedure for persons to organize as a domestic
49 | reciprocal insurer; specifying requirements for the
50 | permit application; requiring that the application be

51 accompanied by a specified fee; requiring the office
52 to evaluate and grant or deny the permit application
53 in accordance with specified provisions; amending s.
54 629.091, F.S.; providing requirements for the
55 application for a certificate of authority to operate
56 as a domestic reciprocal insurer; requiring that such
57 certificate of authority be issued in the name of the
58 reciprocal insurer to its attorney in fact; creating
59 s. 629.094, F.S.; requiring a domestic reciprocal
60 insurer to meet certain requirements to maintain its
61 eligibility for a certificate of authority; amending
62 s. 629.101, F.S.; revising requirements for the power
63 of attorney given by subscribers of a domestic
64 reciprocal insurer to the attorney in fact; conforming
65 provisions to changes made by the act; amending s.
66 629.111, F.S.; requiring that modifications of the
67 terms of certain agreements, charters, and powers of
68 attorney be made jointly by the attorney in fact and
69 the subscribers' advisory committee; prohibiting such
70 modifications from taking effect until approval in
71 writing by the office; amending s. 629.121, F.S.;
72 conforming provisions to changes made by the act;
73 revising the amount of the bond the attorney in fact
74 of a reciprocal insurer must file with the office;
75 amending ss. 629.131 and 629.141, F.S.; conforming

76 provisions to changes made by the act; amending s.
77 629.161, F.S.; revising the requirements for a
78 reciprocal insurer that borrows money; providing
79 applicability; amending s. 629.171, F.S.; revising the
80 manner of making and filing the annual statement of a
81 reciprocal insurer; amending s. 629.191, F.S.;
82 conforming provisions to changes made by the act;
83 amending s. 629.201, F.S.; conforming provisions to
84 changes made by the act; creating s. 629.225, F.S.;
85 prohibiting persons from acquiring certain securities
86 or ownership interests of certain attorneys in fact
87 and controlling companies of certain attorneys in
88 fact; providing an exception; authorizing certain
89 persons to request that the office waive certain
90 requirements; providing that the office may waive
91 certain requirements if specified determinations are
92 made; specifying the requirements of an application to
93 the office relating to certain acquisitions; requiring
94 that such application be accompanied by a specified
95 fee; requiring that amendments be filed with the
96 office under certain circumstances; specifying the
97 manner in which the acquisition application must be
98 reviewed; authorizing the office, and requiring the
99 office if a request for a proceeding is filed, to
100 conduct a proceeding within a specified timeframe to

101 consider the appropriateness of such application;
102 requiring that certain time periods be tolled;
103 requiring that written requests for a proceeding be
104 filed within a certain timeframe; authorizing certain
105 persons to take all steps to conclude the acquisition
106 during the pendency of the proceeding or review
107 period; requiring the office to order a proposed
108 acquisition disapproved and that actions to conclude
109 the acquisition be ceased under certain circumstances;
110 prohibiting certain persons from making certain
111 changes during the pendency of the office's review of
112 an acquisition; providing an exception; defining the
113 terms "material change in the operation of the
114 attorney in fact" and "material change in the
115 management of the attorney in fact"; requiring the
116 office to approve or disapprove certain changes upon
117 making certain findings; requiring that a proceeding
118 be conducted within a certain timeframe; requiring
119 that recommended orders and final orders be issued
120 within a certain timeframe; specifying the
121 circumstances under which the office may disapprove an
122 acquisition; specifying that certain persons have the
123 burden of proof; requiring the office to approve an
124 acquisition upon certain findings; specifying that
125 certain votes are not valid and that certain

126 acquisitions are void; specifying that certain
127 provisions may be enforced by an injunction; creating
128 a private right of action in favor of the attorney in
129 fact or the controlling company to enforce certain
130 provisions; providing that a certain demand upon the
131 office is not required before certain legal actions;
132 providing that the office is not a necessary party to
133 certain actions; specifying the persons who are deemed
134 designated for service of process and who have
135 submitted to the administrative jurisdiction of the
136 office; providing that approval by the office does not
137 constitute a certain recommendation; providing that
138 certain actions are unlawful; providing criminal
139 penalties; providing a statute of limitations;
140 authorizing a person to rebut a presumption of control
141 by filing certain disclaimers; specifying the contents
142 of such disclaimer; specifying that, after a
143 disclaimer is filed, the attorney in fact is relieved
144 of a certain duty; authorizing the office to order
145 certain persons to cease acquisition of the attorney
146 in fact or controlling company and divest themselves
147 of any stock or ownership interest under certain
148 circumstances; requiring the office to suspend or
149 revoke the reciprocal certificate of authority under
150 certain circumstances; specifying that the attorney in

151 fact is deemed to be hazardous to its policyholders if
152 the reciprocal insurer is subject to suspension or
153 revocation; authorizing the office to offer the
154 reciprocal insurer the ability to cure any suspension
155 or revocation under certain circumstances; providing
156 applicability; creating s. 629.227, F.S.; specifying
157 the information as to the background and identity of
158 certain persons which must be furnished by such
159 persons; amending s. 629.231, F.S.; authorizing the
160 levy of assessments upon subscribers of certain
161 assessable reciprocal insurers; requiring that
162 assessments be approved in advance by certain
163 entities; requiring the office to revoke the
164 authorization to convert upon impairment of a surplus
165 of a nonassessable reciprocal insurer; providing for
166 policies that remain in force after such revocation
167 and prohibiting reciprocal insurers from issuing new
168 policies that do not require contingent assessment
169 liability from new subscribers; amending ss. 629.241
170 and 629.251, F.S.; conforming provisions to changes
171 made by the act; repealing s. 629.261, F.S., relating
172 to nonassessable policies; amending ss. 629.271 and
173 629.281, F.S.; conforming provisions to changes made
174 by the act; amending s. 629.291, F.S.; providing that
175 certain insurers that merge are governed by the

176 insurance code; prohibiting domestic stock insurers
177 from being converted to reciprocal insurers; requiring
178 that specified plans be filed with the office and that
179 such plans contain certain information; authorizing
180 the conversion of assessable reciprocal insurers to
181 nonassessable reciprocal insurers under certain
182 circumstances; providing certain procedures when
183 certain reciprocal insurers convert; prohibiting a
184 reciprocal insurer that becomes impaired from issuing
185 or converting certain policies; providing
186 applicability; amending s. 629.301, F.S.; conforming
187 provisions to changes made by the act; revising the
188 procedures that apply when an insurer becomes
189 insolvent; repealing s. 629.401, F.S., relating to
190 insurance exchanges; repealing s. 629.520, F.S.,
191 relating to the authority of limited reciprocal
192 insurers; creating s. 629.525, F.S.; requiring the
193 commission to adopt, amend, or repeal certain rules;
194 amending ss. 163.01, 624.413, 624.45, and 626.9531,
195 F.S.; conforming provisions to changes made by the
196 act; requiring compliance by reciprocal insurers and
197 attorneys in fact with increased surplus requirements
198 and bond requirements, respectively, imposed by the
199 act by a specified date; providing an effective date.
200

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

202

203 Section 1. Subsection (1) of section 624.3161, Florida
 204 Statutes, is amended to read:

205 624.3161 Market conduct examinations.—

206 (1) ~~As often as it deems necessary,~~ The office shall, as
 207 often as it deems necessary, examine each licensed rating
 208 organization, each advisory organization, each group,
 209 association, carrier, as defined in s. 440.02, or other
 210 organization of insurers which engages in joint underwriting or
 211 joint reinsurance, the attorney in fact of each reciprocal
 212 insurer, and each authorized insurer transacting in this state
 213 any class of insurance to which ~~the provisions of~~ chapter 627 is
 214 ~~are~~ applicable. The examination must ~~shall~~ be for the purpose of
 215 ascertaining compliance by the person examined with the
 216 applicable provisions of chapters 440, 624, 626, 627, 629, and
 217 635.

218 Section 2. Paragraph (a) of subsection (10) of section
 219 624.424, Florida Statutes, is amended to read:

220 624.424 Annual statement and other information.—

221 (10)(a) Each insurer or insurer group doing business in
 222 this state shall file, on a monthly ~~quarterly~~ basis in
 223 conjunction with financial reports required by paragraph (1)(a) ,
 224 a supplemental report on an individual and group basis on a form
 225 prescribed by the commission with information on personal lines

226 and commercial lines residential property insurance policies in
 227 this state. The supplemental report must ~~shall~~ include separate
 228 information for personal lines property policies and for
 229 commercial lines property policies and totals for each item
 230 specified, including premiums written for each of the property
 231 lines of business as described in ss. 215.555(2) (c) and
 232 627.351(6) (a). The report must ~~shall~~ include the following
 233 information for each zip code for which policies are written
 234 ~~county on a monthly basis~~:

- 235 1. Total number of policies in force at the end of each
 236 month.
- 237 2. Total number of policies canceled.
- 238 3. Total number of policies nonrenewed.
- 239 4. Number of policies canceled due to hurricane risk.
- 240 5. Number of policies nonrenewed due to hurricane risk.
- 241 6. Number of new policies written.
- 242 7. Total dollar value of structure exposure under policies
 243 that include wind coverage.
- 244 8. Number of policies that exclude wind coverage.
- 245 9. Number of claims open each month.
- 246 10. Number of claims closed each month.
- 247 11. Number of claims pending each month.
- 248 12. Number of claims in which either the insurer or
 249 insured invoked any form of alternative dispute resolution, and
 250 specifying which form of alternative dispute resolution was

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251 used.

252 Section 3. Section 624.4305, Florida Statutes, is amended
 253 to read:

254 624.4305 Nonrenewal of residential property insurance
 255 policies.—Any insurer planning to nonrenew more than 10,000
 256 residential property insurance policies in this state within a
 257 12-month period shall give notice in writing to the Office of
 258 Insurance Regulation for informational purposes 90 days before
 259 the issuance of any notices of nonrenewal. The notice provided
 260 to the office must set forth the insurer's reasons for such
 261 action, the effective dates of nonrenewal, and any arrangements
 262 made for other insurers to offer coverage to affected
 263 policyholders. The commission may adopt rules to administer this
 264 section.

265 Section 4. Paragraph (d) of subsection (1) of section
 266 624.46226, Florida Statutes, is amended to read:

267 624.46226 Public housing authorities self-insurance funds;
 268 exemption for taxation and assessments.—

269 (1) Notwithstanding any other provision of law, any two or
 270 more public housing authorities in the state as defined in
 271 chapter 421 may form a self-insurance fund for the purpose of
 272 pooling and spreading liabilities of its members as to any one
 273 or combination of casualty risk or real or personal property
 274 risk of every kind and every interest in such property against
 275 loss or damage from any hazard or cause and against any loss

276 consequential to such loss or damage, provided the self-
 277 insurance fund that is created:

278 (d) Maintains a continuing program of excess insurance
 279 coverage and reinsurance ~~reserve evaluation~~ to protect the
 280 financial stability of the fund ~~in an amount and manner~~
 281 ~~determined by a qualified and independent actuary.~~ The program
 282 must, at a minimum, ~~this program must:~~

283 1. Include a net retention in an amount and manner
 284 selected by the administrator, ratified by the governing body,
 285 and certified by a qualified actuary;

286 2. Include reinsurance or ~~Purchase~~ excess insurance from
 287 authorized insurance carriers or eligible surplus lines
 288 insurers; and-

289 3. Be certified by a qualified and independent actuary as
 290 to the program's adequacy. This certification must be submitted
 291 simultaneously with the certifications required under paragraphs
 292 (b) and (c).

293 ~~2. Retain a per-loss occurrence that does not exceed~~
 294 ~~\$350,000.~~

295
 296 A for-profit or not-for-profit corporation, limited liability
 297 company, or other similar business entity in which a public
 298 housing authority holds an ownership interest or participates in
 299 its governance under s. 421.08 (8) may join a self-insurance fund
 300 formed under this section in which such public housing authority

301 participates. Such for-profit or not-for-profit corporation,
 302 limited liability company, or other similar business entity may
 303 join the self-insurance fund solely to insure risks related to
 304 public housing.

305 Section 5. Subsection (2) of section 626.9201, Florida
 306 Statutes, is amended to read:

307 626.9201 Notice of cancellation or nonrenewal.—

308 (2) An insurer issuing a policy providing coverage for
 309 property, casualty, surety, or marine insurance must give the
 310 named insured written notice of cancellation or termination
 311 other than nonrenewal at least 45 days before the effective date
 312 of the cancellation or termination, including in the written
 313 notice the reasons for the cancellation or termination, except
 314 that:

315 (a) If cancellation is for nonpayment of premium, at least
 316 10 days' written notice of cancellation accompanied by the
 317 reason for cancellation must be given. As used in this
 318 paragraph, the term "nonpayment of premium" means the failure of
 319 the named insured to discharge when due any of his or her
 320 obligations in connection with the payment of premiums on a
 321 policy or an installment of such a premium, whether the premium
 322 or installment is payable directly to the insurer or its agent
 323 or indirectly under any plan for financing premiums or extension
 324 of credit or the failure of the named insured to maintain
 325 membership in an organization if such membership is a condition

326 precedent to insurance coverage. The term also includes the
 327 failure of a financial institution to honor the check of an
 328 applicant for insurance which was delivered to a licensed agent
 329 for payment of a premium, even if the agent previously delivered
 330 or transferred the premium to the insurer. If a correctly
 331 dishonored check represents payment of the initial premium, the
 332 contract and all contractual obligations are void ab initio
 333 unless the nonpayment is cured within the earlier of 5 days
 334 after actual notice by certified mail is received by the
 335 applicant or 15 days after notice is sent to the applicant by
 336 certified mail or registered mail, and, if the contract is void,
 337 any premium received by the insurer from a third party must
 338 ~~shall~~ be refunded to that party in full; ~~and~~

339 (b) If cancellation or termination occurs during the first
 340 90 days during which the insurance is in force and if the
 341 insurance is canceled or terminated for reasons other than
 342 nonpayment, at least 20 days' written notice of cancellation or
 343 termination accompanied by the reason for cancellation or
 344 termination must be given, except if there has been a material
 345 misstatement or misrepresentation or failure to comply with the
 346 underwriting requirements established by the insurer; and-

347 (c)1. Upon a declaration of an emergency pursuant to s.
 348 252.36 and the filing of an order by the Commissioner of
 349 Insurance Regulation, an insurer may not cancel or nonrenew a
 350 personal residential or commercial residential property

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351 insurance policy covering a dwelling or residential property
352 located in this state which has been damaged as a result of a
353 hurricane that is the subject of the declaration of emergency
354 for a period of 90 days after the dwelling or residential
355 property has been repaired. A dwelling or residential property
356 is deemed to be repaired when substantially completed and
357 restored to the extent that the dwelling or residential property
358 is insurable by another insurer that is writing policies in this
359 state.

360 2. An insurer or agent may cancel or nonrenew such a
361 policy before the repair of the dwelling or residential
362 property:

363 a. Upon 10 days' notice for nonpayment of premium; or

364 b. Upon 45 days' notice:

365 (I) For a material misstatement or fraud related to the
366 claim;

367 (II) If the insurer determines that the insured has
368 unreasonably caused a delay in the repair of the dwelling or
369 residential property; or

370 (III) If the insurer has paid policy limits.

371 3. If the insurer elects to nonrenew a policy covering a
372 dwelling or residential property that has been damaged, the
373 insurer must provide at least 90 days' notice to the insured
374 that the insurer intends to nonrenew the policy 90 days after
375 the dwelling or residential property has been repaired.

376 4. This paragraph does not prevent the insurer from
 377 canceling or nonrenewing the policy 90 days after the repairs
 378 are complete for the same reasons the insurer would otherwise
 379 have canceled or nonrenewed the policy but for the limitation
 380 imposed in subparagraph 1.

381 5. The commission may adopt rules, and the Commissioner of
 382 Insurance Regulation may issue orders, necessary to implement
 383 this paragraph.

384 Section 6. Paragraph (j) of subsection (2) of section
 385 627.062, Florida Statutes, is amended to read:

386 627.062 Rate standards.—

387 (2) As to all such classes of insurance:

388 (j) With respect to residential property insurance rate
 389 filings, the rate filing:

390 1. Must account for mitigation measures undertaken by
 391 policyholders to reduce hurricane losses and windstorm losses.

392 2. May use a modeling indication that is the weighted or
 393 straight average of two or more hurricane loss projection models
 394 found by the Florida Commission on Hurricane Loss Projection
 395 Methodology to be accurate or reliable pursuant to s. 627.0628.

396 If an averaged model is used under this subparagraph, the same
 397 averaged model must be used throughout this state. If a weighted
 398 average is used, the insurer must provide the office with a
 399 justification for using the weighted average which shows that it
 400 results in a rate that is reasonable, adequate, and fair.

401
 402 The provisions of this subsection do not apply to workers'
 403 compensation, employer's liability insurance, and motor vehicle
 404 insurance.

405 Section 7. Paragraph (n) of subsection (6) of section
 406 627.351, Florida Statutes, is amended to read:

407 627.351 Insurance risk apportionment plans.—

408 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

409 (n)1. Rates for coverage provided by the corporation must
 410 be actuarially sound pursuant to s. 627.062 and not competitive
 411 with approved rates charged in the admitted voluntary market so
 412 that the corporation functions as a residual market mechanism to
 413 provide insurance only when insurance cannot be procured in the
 414 voluntary market, except as otherwise provided in this
 415 paragraph. The office shall provide the corporation such
 416 information as would be necessary to determine whether rates are
 417 competitive. The corporation shall file its recommended rates
 418 with the office at least annually. The corporation shall provide
 419 any additional information regarding the rates which the office
 420 requires. The office shall consider the recommendations of the
 421 board and issue a final order establishing the rates for the
 422 corporation within 45 days after the recommended rates are
 423 filed. The corporation may not pursue an administrative
 424 challenge or judicial review of the final order of the office.

425 2. In addition to the rates otherwise determined pursuant

426 to this paragraph, the corporation shall impose and collect an
427 amount equal to the premium tax provided in s. 624.509 to
428 augment the financial resources of the corporation.

429 3. After the public hurricane loss-projection model under
430 s. 627.06281 has been found to be accurate and reliable by the
431 Florida Commission on Hurricane Loss Projection Methodology, the
432 model shall be considered when establishing the windstorm
433 portion of the corporation's rates. The corporation may use the
434 public model results in combination with the results of private
435 models to calculate rates for the windstorm portion of the
436 corporation's rates. This subparagraph does not require or allow
437 the corporation to adopt rates lower than the rates otherwise
438 required or allowed by this paragraph.

439 4. The corporation must make a recommended actuarially
440 sound rate filing for each personal and commercial line of
441 business it writes.

442 5. Notwithstanding the board's recommended rates and the
443 office's final order regarding the corporation's filed rates
444 under subparagraph 1., the corporation shall annually implement
445 a rate increase which, except for sinkhole coverage, does not
446 exceed the following for any single policy issued by the
447 corporation, excluding coverage changes and surcharges:

- 448 a. Twelve percent for 2023.
449 b. Thirteen percent for 2024.
450 c. Fourteen percent for 2025.

451 d. Fifteen percent for 2026 and all subsequent years.

452 6. The corporation may also implement an increase to
 453 reflect the effect on the corporation of the cash buildup factor
 454 pursuant to s. 215.555(5)(b).

455 7. The corporation's implementation of rates as prescribed
 456 in subparagraphs 5. and 8. shall cease for any line of business
 457 written by the corporation upon the corporation's implementation
 458 of actuarially sound rates. Thereafter, the corporation shall
 459 annually make a recommended actuarially sound rate filing that
 460 is not competitive with approved rates in the admitted voluntary
 461 market for each commercial and personal line of business the
 462 corporation writes.

463 8. ~~The following~~ New or renewal personal lines policies
 464 that do not cover a primary residence ~~written on or after~~
 465 ~~November 1, 2023,~~ are not subject to the rate increase
 466 limitations in subparagraph 5., but may not be charged more than
 467 50 percent above, nor less than, the prior year's established
 468 rate for the corporation:

469 a. ~~Policies that do not cover a primary residence;~~

470 b. ~~New policies under which the coverage for the insured~~
 471 ~~risk, before the date of application with the corporation, was~~
 472 ~~last provided by an insurer determined by the office to be~~
 473 ~~unsound or an insurer placed in receivership under chapter 631;~~
 474 ~~or~~

475 c. ~~Subsequent renewals of those policies, including the~~

476 ~~new policies in sub-subparagraph b., under which the coverage~~
 477 ~~for the insured risk, before the date of application with the~~
 478 ~~corporation, was last provided by an insurer determined by the~~
 479 ~~office to be unsound or an insurer placed in receivership under~~
 480 ~~chapter 631.~~

481 9. As used in this paragraph, the term "primary residence"
 482 means the dwelling that is the policyholder's primary home or is
 483 a rental property that is the primary home of the tenant, and
 484 which the policyholder or tenant occupies for more than 9 months
 485 of each year.

486 Section 8. Section 628.011, Florida Statutes, is amended
 487 to read:

488 628.011 Scope of part.—This part applies only to domestic
 489 ~~stock~~ insurers, mutual insurers, and captive insurers, except
 490 that s. 628.341(2) applies also as to foreign and alien
 491 insurers.

492 Section 9. Section 628.061, Florida Statutes, is amended
 493 to read:

494 628.061 Investigation of proposed organization.—In
 495 connection with any proposal to organize ~~incorporate~~ a domestic
 496 insurer, the office shall make an investigation of:

497 (1) The character, reputation, financial standing, and
 498 motives of the organizers, incorporators, and subscribers
 499 organizing the proposed insurer.

500 (2) The character, financial responsibility, insurance

501 | experience, and business qualifications of its proposed
 502 | officers.

503 | (3) The character, financial responsibility, business
 504 | experience, and standing of the proposed stockholders and
 505 | directors.

506 | Section 10. Subsections (1), (2), and (5) of section
 507 | 628.801, Florida Statutes, are amended to read:

508 | 628.801 Insurance holding companies; registration;
 509 | regulation.—

510 | (1) An insurer that is authorized to do business in this
 511 | state and that is a member of an insurance holding company
 512 | shall, on or before April 1 of each year, register with the
 513 | office and file a registration statement and be subject to
 514 | regulation with respect to its relationship to the holding
 515 | company as provided by law or rule. The commission shall adopt
 516 | rules establishing the information and statement form required
 517 | for registration and the manner in which registered insurers and
 518 | their affiliates are regulated. The rules apply to domestic
 519 | insurers, foreign insurers, and commercially domiciled insurers,
 520 | except for foreign insurers domiciled in states that are
 521 | currently accredited by the NAIC. Except to the extent of any
 522 | conflict with this code, the rules must include all requirements
 523 | and standards of the Insurance Holding Company System Model
 524 | Regulation and ss. 4 and 5 of the Insurance Holding Company
 525 | System Regulatory Act ~~and the Insurance Holding Company System~~

526 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
527 The commission may adopt subsequent amendments thereto if the
528 methodology remains substantially consistent. The rules may
529 include a prohibition on oral contracts between affiliated
530 entities. Material transactions between an insurer and its
531 affiliates must ~~shall~~ be filed with the office as provided by
532 rule.

533 (2) ~~Effective January 1, 2015,~~ The ultimate controlling
534 person of every insurer subject to registration shall also file
535 an annual enterprise risk report on or before April 1. As used
536 in this subsection, the term "ultimate controlling person" means
537 a person who is not controlled by any other person. The report
538 must, to the best of the ultimate controlling person's knowledge
539 and belief, ~~must~~ identify the material risks within the
540 insurance holding company system that could pose enterprise risk
541 to the insurer. The report must ~~shall~~ be filed with the lead
542 state office of the insurance holding company system as
543 determined by the procedures within the Financial Analysis
544 Handbook adopted by the NAIC and is confidential and exempt from
545 public disclosure as provided in s. 624.4212.

546 (a) An insurer may satisfy this requirement by providing
547 the office with the most recently filed parent corporation
548 reports that have been filed with the Securities and Exchange
549 Commission which provide the appropriate enterprise risk
550 information.

551 (b) The term "enterprise risk" means an activity, a
 552 circumstance, an event, or a series of events involving one or
 553 more affiliates of an insurer which, if not remedied promptly,
 554 are likely to have a materially adverse effect upon the
 555 financial condition or liquidity of the insurer or its insurance
 556 holding company system as a whole, including anything that would
 557 cause the insurer's risk-based capital to fall into company
 558 action level as set forth in s. 624.4085 or would cause the
 559 insurer to be in a hazardous financial condition.

560 (c) The commission may adopt rules for filing the annual
 561 enterprise risk report in accordance with the Insurance Holding
 562 Company System Regulatory Act and the Insurance Holding Company
 563 System Model Regulation of the NAIC, as adopted in December
 564 2020.

565 (5) ~~Effective January 1, 2015,~~ The failure to file a
 566 registration statement, or a summary of the registration
 567 statement, or the enterprise risk filing report required by this
 568 section within the time specified for filing is a violation of
 569 this section.

570 Section 11. Section 629.011, Florida Statutes, is amended
 571 to read:

572 629.011 Definitions ~~"Reciprocal insurance" defined.~~ As
 573 used in this part, the term:

574 (1) "Affiliated person" of another person means any of the
 575 following:

- 576 (a) The spouse of the other person.
- 577 (b) The parents of the other person and their lineal
578 descendants, or the parents of the other person's spouse and
579 their lineal descendants.
- 580 (c) A person who directly or indirectly owns or controls,
581 or holds with the power to vote, 10 percent or more of the
582 outstanding voting securities of the other person.
- 583 (d) A person who directly or indirectly owns 10 percent or
584 more of the outstanding voting securities that are directly or
585 indirectly owned or controlled, or held with the power to vote,
586 by the other person.
- 587 (e) A person or group of persons who directly or
588 indirectly control, are controlled by, or are under common
589 control with the other person.
- 590 (f) A person who is a director, an officer, a trustee, a
591 partner, an owner, a manager, a joint venturer, or an employee,
592 or another person who is performing duties similar to those of a
593 person in one of the aforementioned positions.
- 594 (g) If the other person is an investment company, any
595 investment adviser of such company or any member of an advisory
596 board of such company.
- 597 (h) If the other person is an unincorporated investment
598 company not having a board of directors, the depositor of such
599 company.
- 600 (i) A person who has entered into an agreement, written or

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601 unwritten, to act in concert with the other person in acquiring
602 or limiting the disposition of:

603 1. Securities of an attorney in fact or controlling
604 company that is a stock corporation; or

605 2. An ownership interest of an attorney in fact or
606 controlling company that is not a stock corporation.

607 (2) "Attorney in fact" means the attorney in fact of a
608 reciprocal insurer. The attorney in fact may be an individual, a
609 corporation, or another person.

610 (3) "Controlling company" means any person, corporation,
611 trust, limited liability company, association, or other entity
612 owning, directly or indirectly, 10 percent or more of the voting
613 securities of one or more attorneys in fact that are stock
614 corporations, or 10 percent or more of the ownership interest of
615 one or more attorneys in fact that are not stock corporations.

616 (4) "Reciprocal insurance" means ~~is that resulting from~~ an
617 interexchange among persons, known as "subscribers," of
618 reciprocal agreements of indemnity, the interexchange being
619 effectuated through an "attorney in fact" common to all such
620 persons.

621 (5) "Reciprocal insurer" means an insurer that is an
622 unincorporated aggregation of subscribers domiciled in this
623 state operating individually and collectively through an
624 attorney in fact to provide reciprocal insurance to such
625 subscribers. A domestic reciprocal insurer must be licensed as

626 an assessable or a nonassessable reciprocal insurer.

627 (a) An assessable reciprocal insurer may require that its
 628 subscribers make up any shortfall in capital and surplus to
 629 cover claims and expenses, either jointly or severally.

630 (b) A nonassessable reciprocal insurer has no recourse
 631 against subscribers for any shortfall in capital and surplus to
 632 cover claims and expenses.

633 Section 12. Section 629.021, Florida Statutes, is
 634 repealed.

635 Section 13. Section 629.031, Florida Statutes, is
 636 repealed.

637 Section 14. Section 629.051, Florida Statutes, is amended
 638 to read:

639 629.051 Name; suits. ~~A reciprocal insurer shall:~~

640 (1) A domestic reciprocal insurer shall have and use a
 641 ~~business name that must. The name shall~~ include the word
 642 "reciprocal," ~~or~~ "interinsurer," ~~or~~ "interinsurance," ~~or~~
 643 "exchange," ~~or~~ "underwriters," or "underwriting." ~~but this~~
 644 ~~requirement shall not apply as to any insurer holding a~~
 645 ~~certificate of authority to transact insurance in this state~~
 646 ~~immediately prior to the effective date of this code.~~

647 (2) A foreign or alien reciprocal insurer transacting
 648 business in this state, whose name does not include the word
 649 "reciprocal," "interinsurer," "interinsurance," "exchange,"
 650 "underwriters," or "underwriting," shall use a fictitious name,

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651 registered in accordance with s. 865.09, which includes one of
652 those words when transacting business in this state.

653 (3) A reciprocal insurer may sue and be sued in its own
654 name.

655 Section 15. Section 629.056, Florida Statutes, is created
656 to read:

657 629.056 Premium reserves.—A reciprocal insurer shall at
658 all times maintain unearned premium reserves equal to 50 percent
659 of the net written premiums of the subscribers on policies
660 having 1 year or less to run, and pro rata on policies running
661 for longer periods, except that all premiums on any marine or
662 transportation insurance trip risk are deemed unearned until the
663 trip is terminated. For the purpose of this section, the term
664 "net written premiums" means the premium payments made by
665 subscribers plus the premiums due from subscribers, after
666 deducting the amounts specifically provided in the subscribers'
667 agreements for expenses, including reinsurance costs and fees
668 paid to the attorney in fact, provided that the power of
669 attorney agreement contains an explicit provision requiring the
670 attorney in fact to refund any unearned subscriber fees on a pro
671 rata basis for canceled policies. In the absence of such a
672 provision, the unearned premium reserves must be calculated
673 without any adjustment for fees paid to the attorney in fact. If
674 the unearned premium reserves at any time are less than
675 \$300,000, additional funds in cash or eligible securities must

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676 be maintained on deposit at the exchange at all times which,
677 together with the unearned premium reserves, equal \$300,000. In
678 calculating these reserves, the amount of the attorney in fact's
679 bond, as filed with the office and as required by s. 629.121,
680 must be included in such reserves. If at any time the unearned
681 premium reserves are less than those required, the subscribers,
682 or the attorney in fact, must advance funds to cover the
683 deficiency. Such advances may only be repaid out of the surplus
684 of the exchange and only after receiving written approval from
685 the office.

686 Section 16. Section 629.061, Florida Statutes, is
687 repealed.

688 Section 17. Section 629.071, Florida Statutes, is amended
689 to read:

690 629.071 Surplus funds required.—The surplus required of a
691 reciprocal insurer is as required in s. 624.407 as to the kind
692 of insurance proposed to be transacted.

693 ~~(1) A domestic reciprocal insurer hereunder formed, if it~~
694 ~~has otherwise complied with the applicable provisions of this~~
695 ~~code, may be authorized to transact insurance if it has and~~
696 ~~thereafter maintains surplus funds of not less than \$250,000.~~

697 ~~(2) In addition to the surplus required to be maintained~~
698 ~~under subsection (1), the insurer shall have, when first so~~
699 ~~authorized, an expendable surplus of not less than \$750,000.~~

700 Section 18. Section 629.081, Florida Statutes, is amended

701 to read:

702 629.081 Organization of reciprocal insurer.—

703 (1) Twenty-five or more persons domiciled in this state
 704 who wish to organize as a domestic reciprocal insurer may make
 705 application to the office for a permit to do so. A domestic
 706 reciprocal insurer may not be formed unless the persons so
 707 proposing have first received a permit from the office ~~may~~
 708 ~~organize a domestic reciprocal insurer and make application to~~
 709 ~~the office for a certificate of authority to transact insurance.~~

710 (2) The permit application, to be filed by the organizers
 711 or the proposed attorney in fact, must be in writing and made in
 712 accordance with forms prescribed by the commission. In addition
 713 to any applicable requirements of s. 628.051 or other relevant
 714 statutes, the application must include all of the following
 715 ~~shall fulfill the requirements of and shall execute and file~~
 716 ~~with the office, when applying for a certificate of authority, a~~
 717 ~~declaration setting forth:~~

718 (a) The name of the proposed reciprocal insurer, which
 719 must be in accordance with s. 629.051.†

720 (b) The location of the insurer's principal office, which
 721 must ~~shall~~ be the same as that of the proposed attorney in fact
 722 and must ~~shall~~ be maintained within this state.†

723 (c) The kinds of insurance proposed to be transacted.†

724 (d) The names and addresses of the original 25 or more
 725 subscribers.†

726 (e) The proposed designation and appointment of the
727 proposed attorney in fact and a copy of the power of attorney.†

728 (f) The names and addresses of the officers and directors
729 of the proposed attorney in fact, if a corporation, or of its
730 members, if other than a corporation.†

731 (g) The background information as specified in s. 629.227
732 for all officers, directors, managers, and those in equivalent
733 positions of the proposed attorney in fact as well as for any
734 person with an ownership interest of 10 percent or more in the
735 proposed attorney in fact.

736 (h) The articles of incorporation and bylaws, or
737 equivalent documents, of the proposed attorney in fact, dated
738 within the last year and appropriately certified.

739 (i) The proposed charter powers of the subscribers'
740 advisory committee, and the names and terms of office of the
741 members thereof, as well as the background information as
742 specified in s. 629.227 for each proposed member.†

743 ~~(h) That all moneys paid to the reciprocal shall, after~~
744 ~~deducting therefrom any sum payable to the attorney, be held in~~
745 ~~the name of the insurer and for the purposes specified in the~~
746 ~~subscribers' agreement;~~

747 ~~(j)-(i)~~ A copy of the proposed subscribers' agreement.†

748 ~~(j) A statement that each of the original subscribers has~~
749 ~~in good faith applied for insurance of a kind proposed to be~~
750 ~~transacted, and that the insurer has received from each such~~

751 ~~subscriber the full premium or premium deposit required for the~~
 752 ~~policy applied for, for a term of not less than 6 months at an~~
 753 ~~adequate rate theretofore filed with and approved by the office;~~

754 (k) ~~A statement of the financial condition of the insurer,~~
 755 ~~a schedule of its assets, and a statement that the surplus as~~
 756 ~~required by s. 629.071 is on hand; and~~

757 ~~(1) A copy of each policy, endorsement, and application~~
 758 ~~form it then proposes to issue or use.~~

759 (1) A copy of the bond required under s. 629.121.

760 (3) The filing must be accompanied by the application fee
 761 required by s. 624.501(1)(a) and such other pertinent
 762 information and documents as reasonably requested by the office.

763 (4) The office shall evaluate and grant or deny the permit
 764 application in accordance with ss. 628.061, 628.071, and other
 765 relevant provisions of the code.

766
 767 ~~Such declaration shall be acknowledged by the attorney before an~~
 768 ~~officer authorized to take acknowledgments.~~

769 Section 19. Section 629.091, Florida Statutes, is amended
 770 to read:

771 629.091 Reciprocal certificate of authority.-

772 (1) To apply for a certificate of authority as a domestic
 773 reciprocal insurer, the attorney in fact of an applicant who has
 774 previously received a permit from the office may file an
 775 application in accordance with forms prescribed by the

776 commission which, in addition to applicable requirements of ss.
 777 624.404, 624.411, 624.413, and other relevant statutes, consists
 778 of all of the following:

779 (a) Executed copies of any proposed or draft documents
 780 required as part of the permit application.

781 (b) A statement affirming that all moneys paid to the
 782 reciprocal shall, after deducting therefrom any sum payable to
 783 the attorney in fact, be held in the name of the insurer and for
 784 the purposes specified in the subscribers' agreement.

785 (c) A statement that each of the original subscribers has
 786 in good faith applied for insurance of a kind proposed to be
 787 transacted, and that the insurer has received from each such
 788 subscriber the full premium or premium deposit required for the
 789 policy applied for, for a term of not less than 6 months at the
 790 rate that was filed with and approved by the office.

791 (d) A copy of the bond required under s. 629.121.

792 (e) A statement of the financial condition of the insurer,
 793 a schedule of its assets, and a statement that the surplus as
 794 required by s. 629.071 is on hand.

795 (f) Such other pertinent information or documents as
 796 reasonably requested by the office.

797 (2) The reciprocal certificate of authority ~~must~~ ~~of a~~
 798 ~~reciprocal insurer shall~~ be issued ~~to its attorney~~ in the name
 799 of the reciprocal insurer to its attorney in fact.

800 Section 20. Section 629.094, Florida Statutes, is created

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801 to read:

802 629.094 Continued eligibility for certificate of
803 authority.-In order to maintain its eligibility for a
804 certificate of authority, a domestic reciprocal insurer must
805 continue to meet all conditions required to be met under this
806 code and the rules adopted thereunder for the initial
807 applications for a permit and certificate of authority.

808 Section 21. Section 629.101, Florida Statutes, is amended
809 to read:

810 629.101 Power of attorney.-

811 (1) The rights and powers of the attorney in fact of a
812 domestic reciprocal insurer are ~~shall be~~ as provided in the
813 power of attorney given it by the subscribers.

814 (2) The power of attorney must set forth all of the
815 following:

816 (a) The powers of the attorney in fact.†

817 (b) That the attorney in fact is empowered to accept
818 service of process on behalf of the insurer in actions against
819 the insurer upon contracts exchanged.†

820 (c) The place where the office of the attorney in fact is
821 maintained.

822 (d) The general services to be performed by the attorney
823 in fact.†

824 (e) ~~(d)~~ The maximum amount to be deducted from advance
825 premiums or deposits to be paid to the attorney in fact and the

826 | general items of expense in addition to losses, to be paid by
 827 | the insurer. ~~and~~

828 | ~~(f)-(e)~~ Except as to nonassessable policies, a provision
 829 | for a contingent several liability of each subscriber in a
 830 | specified amount, which amount may ~~shall be~~ not be less than 5
 831 | times nor more than 10 times the premium or premium deposit
 832 | stated in the policy.

833 | ~~(3)~~ ~~The power of attorney may:~~

834 | ~~(g)-(a)~~ ~~Provide for~~ The right of substitution of the
 835 | attorney in fact and revocation of the power of attorney and
 836 | rights thereunder. ~~and~~

837 | ~~(h)-(b)~~ ~~Impose such~~ Restrictions upon the exercise of the
 838 | power as are agreed upon by the subscribers. ~~and~~

839 | ~~(i)-(c)~~ ~~Provide for~~ The exercise of any right reserved to
 840 | the subscribers directly or through their advisory committee. ~~and~~
 841 | ~~and~~

842 | ~~(3)-(d)~~ The power of attorney may contain other lawful
 843 | provisions deemed advisable.

844 | (4) The terms of any power of attorney or agreement
 845 | collateral thereto must ~~shall~~ be reasonable and equitable, and
 846 | no such power or agreement may ~~shall~~ be used or be effective in
 847 | this state unless filed with the office.

848 | Section 22. Section 629.111, Florida Statutes, is amended
 849 | to read:

850 | 629.111 Modifications.—Modifications of the terms of the

851 subscribers' agreement, charter of the subscribers' advisory
 852 committee, or of the power of attorney of a ~~domestic~~ reciprocal
 853 insurer ~~must shall~~ be made jointly by the attorney in fact and
 854 the subscribers' advisory committee. No such modification may
 855 ~~shall~~ be effective retroactively, nor as to any insurance
 856 contract issued prior thereto. A modification may not take
 857 effect until filed with, and approved in writing by, the office.

858 Section 23. Section 629.121, Florida Statutes, is amended
 859 to read:

860 629.121 Attorney in fact's ~~Attorney's~~ bond.—

861 (1) Concurrently with the filing of the permit application
 862 ~~declaration~~ provided for in s. 629.081, the attorney in fact of
 863 a domestic reciprocal insurer shall file with the office a bond
 864 in favor of this state for the benefit of all persons damaged as
 865 a result of breach by the attorney in fact of the conditions of
 866 its ~~his or her~~ bond as set forth in subsection (2). The bond
 867 must shall be executed by the attorney in fact and by an
 868 authorized corporate surety and is shall be subject to the
 869 approval of the office.

870 (2) The bond must shall be in the sum of \$300,000
 871 ~~\$100,000~~, aggregate in form, the bond conditioned that the
 872 attorney in fact will faithfully account for all moneys and
 873 other property of the insurer coming into its ~~his or her~~ hands,
 874 and that it ~~he or she~~ will not withdraw or appropriate to its
 875 ~~his or her~~ own use from the funds of the insurer any moneys or

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876 property to which it ~~he or she~~ is not entitled under the power
877 of attorney.

878 (3) The bond must ~~shall~~ provide that it is not subject to
879 cancellation unless 30 days' advance notice in writing of
880 cancellation is given both the attorney in fact and the office.

881 Section 24. Section 629.131, Florida Statutes, is amended
882 to read:

883 629.131 Deposit in lieu of bond.—In lieu of the bond
884 required under s. 629.121, the attorney in fact may maintain on
885 deposit with the department a like amount in value of securities
886 qualified for deposit under s. 625.52 and subject to the same
887 conditions as the bond.

888 Section 25. Section 629.141, Florida Statutes, is amended
889 to read:

890 629.141 Action on bond.—Action on the attorney in fact's
891 ~~attorney's~~ bond or to recover against any such deposit made in
892 lieu thereof may be brought at any time by one or more
893 subscribers suffering loss through a violation of its conditions
894 or by a receiver or liquidator of the insurer. Amounts recovered
895 on the bond shall be deposited in and become part of the
896 insurer's funds. The total aggregate liability of the surety
897 shall be limited to the amount of the penalty of such bond.

898 Section 26. Section 629.161, Florida Statutes, is amended
899 to read:

900 629.161 Contributions to insurer.—

901 (1) A reciprocal insurer may borrow money to defray the
902 expenses of its organization, to provide itself with surplus
903 funds, or for any purpose of its business, upon a written
904 agreement that such money is required to be repaid only out of
905 the insurer's surplus in excess of that stipulated in such
906 agreement. Any interest stipulated in such agreement may not
907 constitute a liability of the insurer as to its funds other than
908 such excess of surplus. Commission or promotion expense may not
909 be paid in connection with any such loan.

910 (2) Money so borrowed, together with the interest thereon
911 if so stipulated in the agreement, may not form a part of the
912 insurer's legal liabilities, except as to its surplus in excess
913 of the amount stipulated in the agreement, or be the basis of
914 any setoff; but until repaid, financial statements filed or
915 published by the insurer must show as a footnote to such
916 statement the amount of the unpaid loan together with any
917 interest accrued but unpaid.

918 (3) Any such loan to a reciprocal insurer is subject to
919 the approval of the office for the issue and the rate of
920 interest to be paid. The reciprocal insurer shall, in advance of
921 the loan, file with the office a statement of the purpose of the
922 loan and a copy of the proposed loan agreement. The office shall
923 disapprove any proposed loan or agreement if it finds that the
924 loan is unnecessary or excessive for the purpose intended; that
925 the terms of the loan agreement are not fair and equitable to

926 the parties and to other similar lenders, if any, to the
927 reciprocal insurer; or that the information so filed by the
928 reciprocal insurer is inadequate.

929 (4) Any such loan to a reciprocal insurer, or a
930 substantial portion of such loan, must be repaid by the
931 reciprocal insurer when no longer reasonably necessary for the
932 purpose originally intended. A reciprocal insurer may not repay
933 such loan or any interest on such loan unless repayment is
934 approved in advance by the office.

935 (5) This section does not apply to loans obtained by the
936 reciprocal insurer in the ordinary course of business from banks
937 and other financial institutions, or to loans secured by pledge
938 or mortgage of assets ~~The attorney or other parties may advance~~
939 ~~to a domestic reciprocal insurer upon reasonable terms such~~
940 ~~funds as it may require from time to time in its operations.~~
941 ~~Sums so advanced shall not be treated as a liability of the~~
942 ~~insurer and, except upon liquidation of the insurer, shall not~~
943 ~~be withdrawn or repaid except out of the insurer's realized~~
944 ~~earned surplus in excess of its minimum required surplus. No~~
945 ~~such withdrawal or repayment shall be made without the advance~~
946 ~~approval of the office. This section does not apply as to bank~~
947 ~~loans or to loans made upon security.~~

948 Section 27. Subsection (1) of section 629.171, Florida
949 Statutes, is amended to read:

950 629.171 Annual statement.-

951 (1) The annual statement of a reciprocal insurer must
 952 ~~shall~~ be made and filed by its attorney in fact in the same
 953 manner as domestic stock insurers under s. 624.424.

954 Section 28. Section 629.191, Florida Statutes, is amended
 955 to read:

956 629.191 Who may be subscribers.—Individuals, partnerships,
 957 and corporations of this state may make applications for, enter
 958 into agreements for, and hold policies or contracts in or with,
 959 and be subscribers of, any ~~domestic, foreign, or alien~~
 960 reciprocal insurer.

961 Section 29. Section 629.201, Florida Statutes, is amended
 962 to read:

963 629.201 Subscribers' advisory committee.—

964 (1) The advisory committee of a ~~domestic~~ reciprocal
 965 insurer exercising the subscribers' rights must ~~shall~~ be
 966 selected under such rules as the subscribers adopt.

967 (2) Not less than two-thirds of such committee may ~~shall~~
 968 be subscribers other than the attorney in fact, or any person
 969 appointed by, employed by, representing, or having a financial
 970 interest in the attorney in fact.

971 (3) The committee shall do all of the following:

972 (a) Supervise the finances of the insurer. ~~†~~

973 (b) Supervise the insurer's operations to such extent as
 974 to assure conformity with the subscribers' agreement and power
 975 of attorney. ~~†~~

976 (c) Procure the audit of the accounts and records of the
 977 insurer and of the attorney in fact at the expense of the
 978 insurer. ~~;~~ and

979 (d) Have such additional powers and functions as may be
 980 conferred by the subscribers' agreement.

981 Section 30. Section 629.225, Florida Statutes, is created
 982 to read:

983 629.225 Acquisitions.-

984 (1) A person may not, individually or in conjunction with
 985 an affiliated person of such person, directly or indirectly,
 986 conclude a tender offer or exchange offer for, enter into any
 987 agreement to exchange securities for, or otherwise finally
 988 acquire 10 percent or more of the outstanding voting securities
 989 of an attorney in fact that is a stock corporation or of a
 990 controlling company of an attorney in fact that is a stock
 991 corporation; or conclude an acquisition of, or otherwise finally
 992 acquire, 10 percent or more of the ownership interest of an
 993 attorney in fact that is not a stock corporation or of a
 994 controlling company of an attorney in fact that is not a stock
 995 corporation, unless all of the following conditions are met:

996 (a) The person or affiliated person has filed with the
 997 office and sent to the principal office of the attorney in fact,
 998 any controlling company of the attorney in fact, and the
 999 reciprocal insurer a letter of notification regarding the
 1000 transaction or proposed transaction no later than 5 days after

1001 any form of tender offer or exchange offer is proposed, or no
 1002 later than 5 days after the acquisition of the securities or
 1003 ownership interest if no tender offer or exchange offer is
 1004 involved. The notification must be provided on forms prescribed
 1005 by the commission containing information determined necessary to
 1006 understand the transaction and identify all purchasers and
 1007 owners involved.

1008 (b) The person or affiliated person has filed with the
 1009 office an application, signed under oath and prepared on forms
 1010 prescribed by the commission, which contains the information
 1011 specified in subsection (3). The application must be completed
 1012 and filed within 30 days after any form of tender offer or
 1013 exchange offer is proposed, or after the acquisition of the
 1014 securities if no tender offer or exchange offer is involved.

1015 (c) The office has approved the tender offer or exchange
 1016 offer, or acquisition if no tender offer or exchange offer is
 1017 involved.

1018 (2) The person or affiliated person filing the notice
 1019 required in paragraph (1) (a) may additionally request that the
 1020 office waive the requirements of paragraph (1) (b), provided that
 1021 there is no change in the ultimate controlling shareholders, no
 1022 change in the ownership percentages of the ultimate controlling
 1023 shareholders, and no unaffiliated parties acquire any direct or
 1024 indirect interest in the attorney in fact. The office may waive
 1025 the filing if it determines that there is no change in the

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1026 ultimate controlling shareholders, no change in the ownership
1027 percentages of the ultimate controlling shareholders, and no
1028 unaffiliated parties will acquire any direct or indirect
1029 interest in the attorney in fact.

1030 (3) The application to be filed with the office and
1031 furnished to the attorney in fact and controlling company must
1032 contain all of the following information and any additional
1033 information as the office deems necessary to determine the
1034 character, experience, ability, and other qualifications of the
1035 person, or the affiliated person of such person, for the
1036 protection of the reciprocal insurer's subscribers and of the
1037 public:

1038 (a) The identity and background information specified in
1039 s. 629.227 of:

1040 1. Each person by whom, or on whose behalf, the
1041 acquisition is to be made; and

1042 2. Any person who controls, either directly or indirectly,
1043 such other person, including each director, officer, trustee,
1044 partner, owner, manager, or joint venturer, or another person
1045 performing duties similar to those of persons in the
1046 aforementioned positions for the person.

1047 (b) The source and amount of the funds or other
1048 consideration used, or to be used, in making the acquisition.

1049 (c) Any plans or proposals that such persons may have made
1050 to liquidate the attorney in fact or controlling company, to

1051 sell any of their assets or merge or consolidate them with any
1052 person, or to make any other major change in their business or
1053 corporate structure or management, and any plans or proposals
1054 that such persons may have made to liquidate any controlling
1055 company of the attorney in fact, to sell any of its assets or
1056 merge or consolidate it with any person, or to make any other
1057 major change in its business or corporate structure or
1058 management.

1059 (d) The nature and the extent of the controlling interest
1060 which the person, or the affiliated person of such person,
1061 proposes to acquire, the terms of the proposed acquisition, and
1062 the manner in which the controlling interest is to be acquired
1063 of an attorney in fact or controlling company which is not a
1064 stock corporation.

1065 (e) The number of shares or other securities that the
1066 person, or the affiliated person of such person, proposes to
1067 acquire, the terms of the proposed acquisition, and the manner
1068 in which the securities are to be acquired.

1069 (f) Information as to any contract, arrangement, or
1070 understanding with any party with respect to any of the
1071 securities of the attorney in fact or controlling company,
1072 including, but not limited to, information relating to the
1073 transfer of any of the securities, option arrangements, puts or
1074 calls, or the giving or withholding of proxies, which
1075 information names the party with whom the contract, arrangement,

1076 or understanding has been entered into and gives the details
1077 thereof.

1078 (4) The acquisition application must be accompanied by the
1079 fee required under s. 624.501(1) (a).

1080 (5) If any material change occurs in the facts provided in
1081 the application filed with the office pursuant to this section,
1082 or the background information required under s. 629.227, an
1083 amendment specifying such changes must be immediately filed with
1084 the office, and a copy of the amendment must be sent to the
1085 principal office of the attorney in fact and to the principal
1086 office of the controlling company.

1087 (6)(a) The acquisition application must be reviewed in
1088 accordance with chapter 120. The office may conduct, or, if
1089 requested to do so in writing by a substantially affected
1090 person, shall conduct, a proceeding to consider the
1091 appropriateness of the proposed application. Time periods for
1092 purposes of chapter 120 are tolled during the pendency of the
1093 proceeding. Any written request for a proceeding must be filed
1094 with the office within 10 days after the date notice of the
1095 filing is given. During the pendency of the proceeding or review
1096 period by the office, any person or affiliated person complying
1097 with the filing requirements of this section may proceed and
1098 take all steps necessary to conclude the acquisition so long as
1099 finalization of the acquisition is conditioned upon obtaining
1100 office approval. However, at any time it finds an immediate

1101 danger to the public health, safety, and welfare of the
1102 reciprocal insurer's subscribers exists, the office shall
1103 immediately order, pursuant to s. 120.569(2)(n), the proposed
1104 acquisition disapproved and any further steps to conclude the
1105 acquisition ceased.

1106 (b) During the pendency of the office's review of any
1107 acquisition subject to this section, the acquiring person may
1108 not make any material change in the operation of the attorney in
1109 fact or controlling company unless the office has specifically
1110 approved the change, and the acquiring person may not make any
1111 material change in the management of the attorney in fact unless
1112 advance written notice of the change in management is furnished
1113 to the office. The term "material change in the operation of the
1114 attorney in fact" means a transaction that disposes of or
1115 obligates 5 percent or more of the capital and surplus of the
1116 attorney in fact. The term "material change in the management of
1117 the attorney in fact" means any change in management involving
1118 officers or directors of the attorney in fact or any person of
1119 the attorney in fact or controlling company having authority to
1120 dispose of or obligate 5 percent or more of the attorney in
1121 fact's capital or surplus. The office must approve a material
1122 change in the operation of the attorney in fact if it finds the
1123 applicable provisions of subsection (7) have not been met. The
1124 office may disapprove a material change in management of the
1125 attorney in fact if it finds that the applicable provisions of

1126 subsection (7) have been met, and in such case the attorney in
1127 fact shall promptly change management as acceptable to the
1128 office.

1129 (c) If a request for a proceeding is filed, the proceeding
1130 must be conducted within 60 days after the date the written
1131 request for a proceeding is received by the office. A
1132 recommended order must be issued within 20 days after the date
1133 of the close of the proceedings. A final order must be issued
1134 within 20 days after the date of the recommended order or, if
1135 exceptions to the recommended order are filed, within 20 days
1136 after the date the exceptions are filed.

1137 (7) The office may disapprove any acquisition subject to
1138 this section by any person, or any affiliated person of such
1139 person, who:

1140 (a) Willfully violates this section;

1141 (b) In violation of an order issued by the office pursuant
1142 to subsection (11), fails to divest himself or herself of any
1143 stock or ownership interest obtained in violation of this
1144 section or fails to divest himself or herself of any direct or
1145 indirect control of such stock or ownership interest, within 25
1146 days after such order; or

1147 (c) In violation of an order issued by the office pursuant
1148 to subsection (11), acquires an additional stock or ownership
1149 interest in an attorney in fact or controlling company or direct
1150 or indirect control of such stock or ownership interest, without

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1151 complying with this section.

1152 (8) The person filing the application required by this
1153 section has the burden of proof. The office must approve any
1154 such acquisition if it finds, on the basis of the record made
1155 during any proceeding or on the basis of the filed application
1156 if no proceeding is conducted, that:

1157 (a) The financial condition of the acquiring person will
1158 not jeopardize the financial stability of the attorney in fact
1159 or prejudice the interests of the reciprocal insurer's
1160 subscribers or the public.

1161 (b) Any plan or proposal that the acquiring person has
1162 made:

1163 1. To liquidate the attorney in fact, sell its assets, or
1164 merge or consolidate it with any person, or to make any other
1165 major change in its business or corporate structure or
1166 management, is fair and free of prejudice to the reciprocal
1167 insurer's subscribers or to the public; or

1168 2. To liquidate any controlling company, sell its assets,
1169 or merge or consolidate it with any person, or to make any major
1170 change in its business or corporate structure or management
1171 which would have an effect upon the attorney in fact, is fair
1172 and free of prejudice to the reciprocal insurer's subscribers or
1173 to the public.

1174 (c) The competence, experience, and integrity of those
1175 persons who will control directly or indirectly the operation of

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1176 the attorney in fact indicate that the acquisition is in the
1177 best interest of the reciprocal insurer's subscribers and in the
1178 public interest.

1179 (d) The natural persons for whom background information is
1180 required to be furnished pursuant to this section have such
1181 backgrounds as to indicate that it is in the best interests of
1182 the reciprocal insurer's subscribers and in the public interest
1183 to permit such persons to exercise control over the attorney in
1184 fact.

1185 (e) The directors and officers, if such attorney in fact
1186 or controlling company is a stock corporation, or the trustees,
1187 partners, owners, managers, or joint venturers, or other persons
1188 performing duties similar to those of persons in the
1189 aforementioned positions, if such attorney in fact or
1190 controlling company is not a stock corporation, to be employed
1191 after the acquisition have sufficient insurance experience and
1192 ability to ensure reasonable promise of successful operation.

1193 (f) The management of the attorney in fact after the
1194 acquisition will be competent and trustworthy and will possess
1195 sufficient managerial experience so as to make the proposed
1196 operation of the attorney in fact not hazardous to the
1197 insurance-buying public.

1198 (g) The management of the attorney in fact after the
1199 acquisition will not include any person who has directly or
1200 indirectly through ownership, control, reinsurance transactions,

1201 or other insurance or business relations unlawfully manipulated
1202 the assets, accounts, finances, or books of any insurer or
1203 otherwise acted in bad faith with respect thereto.

1204 (h) The acquisition is not likely to be hazardous or
1205 prejudicial to the reciprocal insurer's subscribers or to the
1206 public.

1207 (i) The effect of the acquisition would not substantially
1208 lessen competition in the line of insurance for which the
1209 reciprocal insurer is licensed or certified in this state or
1210 would not tend to create a monopoly therein.

1211 (9) A vote by the stockholder of record, or by any other
1212 person, of any security acquired in contravention of this
1213 section is not valid. Any acquisition contrary to this section
1214 is void. Upon the petition of the attorney in fact, the
1215 controlling company, or the reciprocal insurer, the circuit
1216 court for the county in which the principal office of the
1217 attorney in fact is located may, without limiting the generality
1218 of its authority, order the issuance or entry of an injunction
1219 or other order to enforce this section. There is a private right
1220 of action in favor of the attorney in fact or controlling
1221 company to enforce this section. A demand upon the office that
1222 it perform its functions is not required as a prerequisite to
1223 any legal action by the attorney in fact or controlling company
1224 against another person, and the office may not be deemed a
1225 necessary party to any action by the attorney in fact or

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1226 controlling company to enforce this section. Any person who
1227 makes or proposes an acquisition requiring the filing of an
1228 application pursuant to this section, or who files such an
1229 application, is deemed to have designated the Chief Financial
1230 Officer, or his or her assistant or deputy or another person in
1231 charge of his or her office, as such person's agent for service
1232 of process under this section and is deemed to have submitted
1233 himself or herself to the administrative jurisdiction of the
1234 office and to the jurisdiction of the circuit court.

1235 (10) Any approval under this section by the office does
1236 not constitute a recommendation by the office of the tender
1237 offer or exchange offer, or the acquisition, if no tender offer
1238 or exchange offer is involved. It is unlawful for a person to
1239 represent that the office's approval constitutes a
1240 recommendation. A person who violates this subsection commits a
1241 felony of the third degree, punishable as provided in s.
1242 775.082, s. 775.083, or s. 775.084. The statute-of-limitations
1243 period for the prosecution of an offense committed under this
1244 subsection is 5 years.

1245 (11) A person may rebut a presumption of control by filing
1246 with the office a disclaimer of control with the office on a
1247 form prescribed by the commission. The disclaimer must fully
1248 disclose all material relationships and bases for affiliation
1249 between the person and the attorney in fact as well as the basis
1250 for disclaiming the affiliation. In lieu of such form, a person

1251 or acquiring party may file with the office a copy of a Schedule
1252 13G filed with the Securities and Exchange Commission pursuant
1253 to Rule 13d-1(b) or (c), 17 C.F.R. s. 240.13d-1, under the
1254 Securities Exchange Act of 1934, as amended. After a disclaimer
1255 has been filed, the attorney in fact is relieved of any duty to
1256 register or report under this section which may arise out of the
1257 attorney in fact's relationship with the person unless the
1258 office disallows the disclaimer.

1259 (12) If the office determines that any person, or any
1260 affiliated person of such person, has acquired 10 percent or
1261 more of the outstanding voting securities of an attorney in fact
1262 or controlling company that is a stock corporation, or 10
1263 percent or more of the ownership interest of an attorney in fact
1264 or controlling company that is not a stock corporation, without
1265 complying with this section, the office may order that the
1266 person, and any affiliated person of such person, cease
1267 acquisition of the attorney in fact or controlling company and,
1268 if appropriate, divest itself of any stock or ownership interest
1269 acquired in violation of this section.

1270 (13) (a) The office shall, if necessary to protect the
1271 public interest, suspend or revoke the reciprocal certificate of
1272 authority of the reciprocal insurer whose attorney in fact or
1273 controlling company is acquired in violation of this section.

1274 (b) If a reciprocal insurer is subject to suspension or
1275 revocation pursuant to paragraph (a), the attorney in fact is

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1276 deemed to be in such condition, or to be using or to have been
1277 subject to such methods or practices in the conduct of its
1278 business, as to render its further transaction of insurance
1279 hazardous to its subscribers, creditors, or stockholders or to
1280 the public. In such case, the office may offer the reciprocal
1281 insurer, through its subscriber representatives, the ability to
1282 cure any suspension or revocation by procuring another attorney
1283 in fact acceptable to the office.

1284 (14) This section does not apply to any acquisition of
1285 voting securities or ownership interest of an attorney in fact
1286 or of a controlling company by any person who is the owner of a
1287 majority of the voting securities or ownership interest with the
1288 approval of the office under this section or s. 629.091.

1289 Section 31. Section 629.227, Florida Statutes, is created
1290 to read:

1291 629.227 Background information.—The information as to the
1292 background and identity of each person for whom information is
1293 required to be furnished pursuant to s. 629.081 or s. 629.225
1294 must include, but need not be limited to, all of the following:

1295 (1) A sworn biographical statement, on forms adopted by
1296 the commission, which must include, but need not be limited to,
1297 the following information:

1298 (a) Occupations, positions of employment, and offices held
1299 during the past 10 years, including the principal business and
1300 address of any business, corporation, or organization where each

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1301 occupation, position of employment, or office occurred.

1302 (b) Whether, during such 10-year period, the person was
1303 convicted of any crime other than a traffic violation.

1304 (c) Whether, during such 10-year period, the person has
1305 been the subject of any proceeding for the revocation of any
1306 license and, if so, the nature of the proceeding and the
1307 disposition of the proceeding.

1308 (d) Whether, during such 10-year period, the person has
1309 been the subject of any proceeding under the bankruptcy code.

1310 (e) Whether, during such 10-year period, any person or
1311 other business or organization in which the person was a
1312 director, officer, trustee, partner, owner, manager, or other
1313 official has been subject to any proceeding under the bankruptcy
1314 code, either during the time of that person's tenure with the
1315 business or organization or within 12 months thereafter.

1316 (f) Whether, during such 10-year period, the person has
1317 been enjoined, either temporarily or permanently, by a court of
1318 competent jurisdiction from violating any federal or state law
1319 regulating the business of insurance, securities, or banking, or
1320 from carrying out any particular practice or practices in the
1321 course of the business of insurance, securities, or banking,
1322 together with details as to any such event.

1323 (2) The fingerprints of each person.

1324 (3) An authorization for release of information necessary
1325 to investigate such person's background.

1326 (4) Any additional information that the office deems
 1327 necessary to determine the character, experience, ability, and
 1328 other qualifications of the person, or affiliated person of such
 1329 person, for the protection of the reciprocal insurer's
 1330 subscribers and of the public.

1331 Section 32. Subsection (1) of section 629.231, Florida
 1332 Statutes, is amended, and subsection (5) is added to that
 1333 section, to read:

1334 629.231 Assessments.—

1335 (1) Assessments may ~~from time to time~~ be levied upon
 1336 subscribers of an assessable ~~a domestic~~ reciprocal insurer who
 1337 are liable for such assessments ~~therefor~~ under the terms of
 1338 their policies by the attorney in fact. Any such assessment must
 1339 be approved ~~upon approval~~ in advance by the subscribers'
 1340 advisory committee and the office, or by the department as
 1341 receiver of the insurer.

1342 (5) Upon impairment of surplus of a nonassessable
 1343 reciprocal insurer, the office shall revoke the authorization
 1344 under s. 629.291(5) to convert to a nonassessable reciprocal
 1345 insurer. After such revocation, any policy in force at the time
 1346 the revocation occurs remains in force for the remainder of the
 1347 period for which the premium has been paid, but the reciprocal
 1348 insurer may not issue new policies without requiring contingent
 1349 assessment liability from the new subscriber.

1350 Section 33. Section 629.241, Florida Statutes, is amended

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1351 to read:

1352 629.241 Time limit for assessments.—Every subscriber of a
1353 ~~domestic~~ reciprocal insurer having contingent liability shall be
1354 liable for, and shall pay his or her share of, any assessment,
1355 as computed and limited in accordance with this chapter, if:

1356 (1) While his or her policy is in force or within 4 years
1357 after its termination, the subscriber is notified by either the
1358 attorney in fact or the office of its intentions to levy such
1359 assessment; or

1360 (2) An order to show cause why a receiver, conservator,
1361 rehabilitator, or liquidator of the insurer should not be
1362 appointed is issued while the subscriber's policy is in force or
1363 within 4 years after its termination.

1364 Section 34. Section 629.251, Florida Statutes, is amended
1365 to read:

1366 629.251 Aggregate liability.—No one policy or subscriber
1367 as to such policy shall be assessed or charged with an aggregate
1368 of contingent liability as to obligations incurred by a ~~domestic~~
1369 reciprocal insurer in any one calendar year in excess of the
1370 amount provided for in the power of attorney or in the
1371 subscribers' agreement, computed solely upon premium earned on
1372 such policy during that year.

1373 Section 35. Section 629.261, Florida Statutes, is
1374 repealed.

1375 Section 36. Subsection (2) of section 629.271, Florida

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1376 Statutes, is amended to read:

1377 629.271 Distribution of savings.—

1378 (2) In addition to the option provided in subsection (1),
 1379 a ~~domestic~~ reciprocal insurer may, upon the prior written
 1380 approval of the office, pay to its subscribers a portion of
 1381 unassigned funds of up to 10 percent of surplus, with
 1382 distribution limited to 50 percent of net income from the
 1383 previous calendar year. Such distribution may not unfairly
 1384 discriminate between classes of risks or policies, or between
 1385 subscribers, but may vary as to classes of subscribers based on
 1386 the experience of the classes.

1387 Section 37. Section 629.281, Florida Statutes, is amended
 1388 to read:

1389 629.281 Subscribers' share in assets.—Upon the liquidation
 1390 of a domestic reciprocal insurer, its assets remaining after
 1391 discharge of its indebtedness and policy obligations, the return
 1392 of any contributions of the attorney in fact or other persons to
 1393 its surplus made as provided in s. 629.161, and the return of
 1394 any unused premium, savings, or credits then standing on
 1395 subscribers' accounts shall be distributed to its subscribers
 1396 who were such within the 12 months prior to the last termination
 1397 of its reciprocal certificate of authority, according to such
 1398 reasonable formula as the office approves.

1399 Section 38. Subsections (1), (2), and (4) of section
 1400 629.291, Florida Statutes, are amended, and subsection (5) is

1401 added to that section, to read:

1402 629.291 Merger or conversion.—

1403 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote
 1404 of not less than two-thirds of its subscribers who vote on such
 1405 merger pursuant to due notice, subject to and the approval by ~~of~~
 1406 the office of the terms therefor, may merge with another
 1407 reciprocal insurer or be converted to a stock or mutual insurer,
 1408 to be thereafter governed by the applicable sections of the
 1409 Florida Insurance Code. However, a domestic stock insurer may
 1410 not be converted to a reciprocal insurer.

1411 (2) Any such plan to merge a reciprocal insurer with
 1412 another reciprocal insurer or for conversion of the reciprocal
 1413 insurer to a stock or mutual insurer must be filed with the
 1414 office on forms adopted by the commission and must contain such
 1415 information as the office reasonable requires to evaluate the
 1416 transaction ~~Such a stock or mutual insurer shall be subject to~~
 1417 ~~the same capital or surplus requirements and shall have the same~~
 1418 ~~rights as a like domestic insurer transacting like kinds of~~
 1419 ~~insurance.~~

1420 (4) Reinsurance of all or substantially all of the
 1421 insurance in force of a domestic reciprocal insurer in another
 1422 insurer is ~~shall be~~ deemed to be a merger for the purposes of
 1423 this section.

1424 (5) (a) An assessable reciprocal insurer may be converted
 1425 to a nonassessable reciprocal insurer if:

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1426 1. The subscriber's advisory committee approves the
1427 application for conversion;

1428 2. The attorney in fact submits the application on the
1429 required application form; and

1430 3. The office finds that the application meets the minimum
1431 statutory requirements.

1432 (b) If the office approves the application, the assessable
1433 reciprocal insurer may be converted to a nonassessable
1434 reciprocal insurer by:

1435 1. Extinguishing the contingent liability of subscribers
1436 under all policies then in force in this state;

1437 2. Omitting contingent liability provisions in all
1438 policies delivered or issued in this state after the conversion;
1439 and

1440 3. Otherwise extinguishing the contingent liability of all
1441 of its subscribers. However, if the reciprocal insurer is
1442 transacting insurance as an authorized insurer in another state
1443 and that state's laws require the insurer to issue policies with
1444 contingent liability provisions, the insurer may issue
1445 contingent liability policies in that other state.

1446 (c) If the surplus of the reciprocal insurer becomes
1447 impaired, the insurer may no longer issue nonassessable policies
1448 or convert assessable policies to nonassessable policies, and s.
1449 629.301 applies.

1450 Section 39. Subsections (1) and (2) of section 629.301,

1451 Florida Statutes, are amended to read:

1452 629.301 Impaired reciprocal insurers.—

1453 (1) If the assets of a ~~domestic~~ reciprocal insurer are at
 1454 any time insufficient to discharge its liabilities, other than
 1455 any liability on account of funds contributed by the attorney in
 1456 fact or others, and to maintain the required surplus, its
 1457 attorney in fact shall forthwith make up the deficiency or levy
 1458 an assessment upon the subscribers for the amount needed to make
 1459 up the deficiency, but subject to the limitation set forth in
 1460 the power of attorney or policy.

1461 (2) If the attorney in fact fails to make up such
 1462 deficiency or to make the assessment within 30 days after the
 1463 office orders him or her to do so, or if the deficiency is not
 1464 fully made up within 60 days after the date the assessment was
 1465 made, the insurer must ~~shall~~ be deemed insolvent and ~~shall~~ be
 1466 proceeded against in the same manner as any other domestic
 1467 insurer under chapter 631 and the insurance as authorized by
 1468 ~~this~~ code.

1469 Section 40. Section 629.401, Florida Statutes, is
 1470 repealed.

1471 Section 41. Section 629.520, Florida Statutes, is
 1472 repealed.

1473 Section 42. Section 629.525, Florida Statutes, is created
 1474 to read:

1475 629.525 Rulemaking authority.—The commission shall adopt,

1476 amend, or repeal rules pursuant to chapter 120 which are
 1477 necessary to implement this chapter.

1478 Section 43. Paragraph (h) of subsection (3) of section
 1479 163.01, Florida Statutes, is amended to read:

1480 163.01 Florida Interlocal Cooperation Act of 1969.—

1481 (3) As used in this section:

1482 (h) "Local government liability pool" means a reciprocal
 1483 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
 1484 insurance program created pursuant to s. 768.28(16), formed and
 1485 controlled by counties or municipalities of this state to
 1486 provide liability insurance coverage for counties,
 1487 municipalities, or other public agencies of this state, which
 1488 pool may contract with other parties for the purpose of
 1489 providing claims administration, processing, accounting, and
 1490 other administrative facilities.

1491 Section 44. Paragraph (c) of subsection (1) of section
 1492 624.413, Florida Statutes, is amended to read:

1493 624.413 Application for certificate of authority.—

1494 (1) To apply for a certificate of authority, an insurer
 1495 shall file its application therefor with the office, upon a form
 1496 adopted by the commission and furnished by the office, showing
 1497 its name; location of its home office and, if an alien insurer,
 1498 its principal office in the United States; kinds of insurance to
 1499 be transacted; state or country of domicile; and such additional
 1500 information as the commission reasonably requires, together with

1501 the following documents:

1502 (c) If a foreign or alien reciprocal insurer, a copy of
 1503 the power of attorney of its attorney in fact and of its
 1504 subscribers' agreement, if any, certified by the attorney in
 1505 fact; and, if a domestic reciprocal insurer, the permit
 1506 application ~~declaration~~ provided for in s. 629.081.

1507 Section 45. Section 624.45, Florida Statutes, is amended
 1508 to read:

1509 624.45 Participation of financial institutions in
 1510 reinsurance and in insurance exchanges.—Subject to applicable
 1511 laws relating to financial institutions and to any other
 1512 applicable provision of the Florida Insurance Code, any
 1513 financial institution or aggregation of such institutions may÷

1514 ~~(1)~~ own or control, directly or indirectly, any insurer
 1515 that ~~which~~ is authorized or approved by the office, that ~~which~~
 1516 ~~insurer~~ transacts only reinsurance in this state, and that ~~which~~
 1517 actively engages in reinsuring risks located in this state.

1518 ~~(2) Participate, directly or indirectly, as an~~
 1519 ~~underwriting member or as an investor in an underwriting member~~
 1520 ~~of any insurance exchange authorized in accordance with s.~~
 1521 ~~629.401, which underwriting member transacts only aggregate or~~
 1522 ~~specific excess insurance over underlying self-insurance~~
 1523 ~~coverage for self-insurance organizations authorized under the~~
 1524 ~~Florida Insurance Code, for multiple-employer welfare~~
 1525 ~~arrangements, or for workers' compensation self-insurance~~

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

1526 | ~~trusts, in addition to any reinsurance the underwriting member~~
 1527 | ~~may transact.~~

1528 | ~~Nothing in~~ However, this section may not ~~shall~~ be deemed to
 1529 | prohibit a financial institution from engaging in any presently
 1530 | authorized insurance activity.

1531 | Section 46. Subsection (3) of section 626.9531, Florida
 1532 | Statutes, is amended to read:

1533 | 626.9531 Identification of insurers, agents, and insurance
 1534 | contracts.—

1535 | (3) For the purposes of this section, the term "risk
 1536 | bearing entity" means a reciprocal insurer as defined in s.
 1537 | 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
 1538 | in s. 624.462, a group self-insurance fund as defined in s.
 1539 | 624.4621, a local government self-insurance fund as defined in
 1540 | s. 624.4622, a self-insured public utility as defined in s.
 1541 | 624.46225, or an independent educational institution self-
 1542 | insurance fund as defined in s. 624.4623. For the purposes of
 1543 | this section, the term "risk bearing entity" does not include an
 1544 | authorized insurer as defined in s. 624.09.

1545 | Section 47. Reciprocal insurers licensed before July 1,
 1546 | 2025, shall increase their surplus as required by the amendments
 1547 | made by this act to s. 629.071, Florida Statutes, by January 1,
 1548 | 2026. The attorney in fact of a reciprocal insurer licensed
 1549 | before July 1, 2025, shall increase its bond as required by the
 1550 | amendments made by this act to s. 629.121, Florida Statutes, by

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1551 | January 1, 2026.

1552 | Section 48. This act shall take effect July 1, 2025.