

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; amending s. 624.424, F.S.;
6 requiring insurers and insurer groups to file a
7 specified supplemental report on a monthly basis;
8 requiring that such report include certain information
9 for each zip code; amending s. 624.4305, F.S.;
10 authorizing the Financial Services Commission to adopt
11 rules relating to notice of nonrenewal of residential
12 property insurance policies; amending s. 624.46226,
13 F.S.; revising the requirements for public housing
14 authority self-insurance funds; amending s. 626.9201,
15 F.S.; prohibiting insurers from canceling or
16 nonrenewing certain insurance policies under certain
17 circumstances; providing exceptions; providing
18 construction; authorizing the commission to adopt
19 rules and the Commissioner of Insurance Regulation to
20 issue orders; amending s. 627.062, F.S.; specifying
21 requirements for rate filings if certain models are
22 used; amending s. 627.351, F.S.; revising requirements
23 for certain policies that are not subject to certain
24 rate increase limitations; amending ss. 628.011 and
25 628.061, F.S.; conforming provisions to changes made

26 | by the act; amending s. 628.801, F.S.; revising
27 | requirements for rules adopted for insurers that are
28 | members of an insurance holding company; deleting an
29 | obsolete date; authorizing the office to adopt rules;
30 | amending s. 629.011, F.S.; defining terms; repealing
31 | s. 629.021, F.S., relating to the definition of the
32 | term "reciprocal insurer"; repealing s. 629.061, F.S.,
33 | relating to the term "attorney"; amending s. 629.081,
34 | F.S.; revising the procedure for persons to organize
35 | as a domestic reciprocal insurer; specifying
36 | requirements for the permit application; requiring
37 | that the application be accompanied by a specified
38 | fee; requiring that the office evaluate and grant or
39 | deny the permit application in accordance with
40 | specified provisions; removing the requirement that a
41 | specified declaration be acknowledged by an attorney;
42 | amending s. 629.091, F.S.; providing requirements for
43 | the application for a certificate of authority to
44 | operate as a domestic reciprocal insurer; requiring
45 | the office to grant the authorization for reciprocal
46 | insurers to issue certain policies under certain
47 | circumstances; prohibiting reciprocal insurers from
48 | issuing and renewing certain policies under a
49 | specified circumstance; requiring that certificates of
50 | authority be issued in the name of the reciprocal

51 insurer to its attorney in fact; creating s. 629.094,
52 F.S.; requiring a domestic reciprocal insurer to meet
53 certain requirements to maintain its eligibility for a
54 certificate of authority; amending s. 629.101, F.S.;
55 revising requirements for the power of attorney given
56 by subscribers of a domestic reciprocal insurer to the
57 attorney in fact; conforming provisions to changes
58 made by the act; creating s. 629.225, F.S.;
59 prohibiting persons from acquiring certain securities
60 or ownership interests of certain attorneys in fact
61 and controlling companies of certain attorneys in
62 fact; providing an exception; authorizing certain
63 persons to request that the office waive certain
64 requirements; providing that the office may waive
65 certain requirements if specified determinations are
66 made; specifying the requirements of an application to
67 the office relating to certain acquisitions; requiring
68 that such application be accompanied by a specified
69 fee; requiring that amendments be filed with the
70 office under certain circumstances; specifying the
71 manner in which the acquisition application must be
72 reviewed; authorizing the office, and requiring the
73 office if a request for a proceeding is filed, to
74 conduct a proceeding within a specified timeframe to
75 consider the appropriateness of such application;

76 requiring that certain time periods be tolled;
77 requiring that written requests for a proceeding be
78 filed within a certain timeframe; authorizing certain
79 persons to take all steps to conclude the acquisition
80 during the pendency of the proceeding or review
81 period; requiring the office to order a proposed
82 acquisition disapproved and that actions to conclude
83 the acquisition be ceased under certain circumstances;
84 prohibiting certain persons from making certain
85 changes during the pendency of the office's review of
86 an acquisition; providing an exception; defining the
87 terms "material change in the operation of the
88 attorney in fact" and "material change in the
89 management of the attorney in fact"; requiring the
90 office to approve or disapprove certain changes upon
91 making certain findings; requiring that a proceeding
92 be conducted within a certain timeframe; requiring
93 that recommended orders and final orders be issued
94 within a certain timeframe; specifying the
95 circumstances under which the office may disapprove an
96 acquisition; specifying that certain persons have the
97 burden of proof; requiring the office to approve an
98 acquisition upon certain findings; specifying that
99 certain votes are not valid and that certain
100 acquisitions are void; specifying that certain

101 provisions may be enforced by an injunction; creating
 102 a private right of action in favor of the attorney in
 103 fact or the controlling company to enforce certain
 104 provisions; providing that a certain demand upon the
 105 office is not required before certain legal actions;
 106 providing that the office is not a necessary party to
 107 certain actions; specifying the persons who are deemed
 108 designated for service of process and who have
 109 submitted to the administrative jurisdiction of the
 110 office; providing that approval by the office does not
 111 constitute a certain recommendation; providing that
 112 certain actions are unlawful; providing criminal
 113 penalties; providing a statute of limitations;
 114 authorizing a person to rebut a presumption of control
 115 by filing certain disclaimers; specifying the contents
 116 of such disclaimer; specifying that, after a
 117 disclaimer is filed, the attorney in fact is relieved
 118 of a certain duty; authorizing the office to order
 119 certain persons to cease acquisition of the attorney
 120 in fact or controlling company and divest themselves
 121 of any stock or ownership interest under certain
 122 circumstances; requiring the office to suspend or
 123 revoke the reciprocal certificate of authority under
 124 certain circumstances; specifying that the attorney in
 125 fact is deemed to be hazardous to its policyholders if

126 the reciprocal insurer is subject to suspension or
127 revocation; authorizing the office to offer the
128 reciprocal insurer the ability to cure any suspension
129 or revocation under certain circumstances; providing
130 applicability; creating s. 629.227, F.S.; specifying
131 the information as to the background and identity of
132 certain persons which must be furnished by such
133 persons; creating s. 629.229, F.S.; prohibiting
134 certain persons from serving in specified positions of
135 reciprocal insurers or insurers under certain
136 circumstances; amending s. 629.261, F.S.; removing
137 provisions relating to certain authorizations for
138 reciprocal insurers; amending s. 629.291, F.S.;;
139 providing that certain insurers that merge are
140 governed by the insurance code; prohibiting domestic
141 stock insurers from converting to reciprocal insurers;
142 requiring that specified plans be filed with the
143 office and that such plans contain certain
144 information; authorizing the conversion of assessable
145 reciprocal insurers to nonassessable reciprocal
146 insurers under certain circumstances; providing
147 certain procedures when certain reciprocal insurers
148 convert; prohibiting a reciprocal insurer that becomes
149 impaired from issuing or converting certain policies;
150 providing applicability; creating s. 629.525, F.S.;

151 requiring the commission to adopt, amend, or repeal
 152 certain rules; amending ss. 163.01 and 626.9531, F.S.;
 153 conforming provisions to changes made by the act;
 154 providing an effective date.

155
 156 Be It Enacted by the Legislature of the State of Florida:

157
 158 Section 1. Subsection (1) of section 624.3161, Florida
 159 Statutes, is amended to read:

160 624.3161 Market conduct examinations.—

161 (1) As often as it deems necessary, the office shall
 162 examine each licensed rating organization, each advisory
 163 organization, each group, association, carrier, as defined in s.
 164 440.02, or other organization of insurers which engages in joint
 165 underwriting or joint reinsurance, the attorney in fact of each
 166 reciprocal insurer, and each authorized insurer transacting in
 167 this state any class of insurance to which ~~the provisions of~~
 168 chapter 627 is ~~are~~ applicable. The examination must ~~shall~~ be for
 169 the purpose of ascertaining compliance by the person examined
 170 with the applicable provisions of chapters 440, 624, 626, 627,
 171 and 635.

172 Section 2. Paragraph (a) of subsection (10) of section
 173 624.424, Florida Statutes, is amended to read:

174 624.424 Annual statement and other information.—

175 (10) (a) Each insurer or insurer group doing business in

176 | this state shall file, on a monthly ~~quarterly~~ basis in
 177 | conjunction with financial reports required by paragraph (1) (a) ,
 178 | a supplemental report on an individual and group basis on a form
 179 | prescribed by the commission with information on personal lines
 180 | and commercial lines residential property insurance policies in
 181 | this state. The supplemental report must ~~shall~~ include separate
 182 | information for personal lines property policies and for
 183 | commercial lines property policies and totals for each item
 184 | specified, including premiums written for each of the property
 185 | lines of business as described in ss. 215.555(2) (c) and
 186 | 627.351(6) (a). The report must ~~shall~~ include the following
 187 | information for each zip code ~~county on a monthly basis~~:

- 188 | 1. Total number of policies in force at the end of each
- 189 | month.
- 190 | 2. Total number of policies canceled.
- 191 | 3. Total number of policies nonrenewed.
- 192 | 4. Number of policies canceled due to hurricane risk.
- 193 | 5. Number of policies nonrenewed due to hurricane risk.
- 194 | 6. Number of new policies written.
- 195 | 7. Total dollar value of structure exposure under policies
- 196 | that include wind coverage.
- 197 | 8. Number of policies that exclude wind coverage.
- 198 | 9. Number of claims open each month.
- 199 | 10. Number of claims closed each month.
- 200 | 11. Number of claims pending each month.

CS/HB 1611

2024

201 12. Number of claims in which either the insurer or
202 insured invoked any form of alternative dispute resolution, and
203 specifying which form of alternative dispute resolution was
204 used.

205 Section 3. Section 624.4305, Florida Statutes, is amended
206 to read:

207 624.4305 Nonrenewal of residential property insurance
208 policies.—Any insurer planning to nonrenew more than 10,000
209 residential property insurance policies in this state within a
210 12-month period shall give notice in writing to the Office of
211 Insurance Regulation for informational purposes 90 days before
212 the issuance of any notices of nonrenewal. The notice provided
213 to the office must set forth the insurer's reasons for such
214 action, the effective dates of nonrenewal, and any arrangements
215 made for other insurers to offer coverage to affected
216 policyholders. The commission may adopt rules to administer this
217 section.

218 Section 4. Paragraph (d) of subsection (1) of section
219 624.46226, Florida Statutes, is amended to read:

220 624.46226 Public housing authorities self-insurance funds;
221 exemption for taxation and assessments.—

222 (1) Notwithstanding any other provision of law, any two or
223 more public housing authorities in the state as defined in
224 chapter 421 may form a self-insurance fund for the purpose of
225 pooling and spreading liabilities of its members as to any one

226 or combination of casualty risk or real or personal property
 227 risk of every kind and every interest in such property against
 228 loss or damage from any hazard or cause and against any loss
 229 consequential to such loss or damage, provided the self-
 230 insurance fund that is created:

231 (d) Maintains a continuing program of excess insurance
 232 coverage and reinsurance ~~reserve evaluation~~ to protect the
 233 financial stability of the fund ~~in an amount and manner~~
 234 ~~determined by a qualified and independent actuary.~~ The program
 235 must, at a minimum, ~~this program must:~~

236 1. Include a net retention in an amount and manner
 237 selected by the administrator, ratified by the governing body,
 238 and certified by a qualified actuary;

239 2. Include reinsurance or ~~Purchase~~ excess insurance from
 240 authorized insurance carriers or eligible surplus lines
 241 insurers; ~~and.~~

242 3. Be certified by a qualified actuary as to the program's
 243 adequacy. This certification must be submitted simultaneously
 244 with the certifications required under paragraphs (b) and (c).

245 ~~2. Retain a per-loss occurrence that does not exceed~~
 246 ~~\$350,000.~~

247
 248 A for-profit or not-for-profit corporation, limited liability
 249 company, or other similar business entity in which a public
 250 housing authority holds an ownership interest or participates in

251 its governance under s. 421.08(8) may join a self-insurance fund
 252 formed under this section in which such public housing authority
 253 participates. Such for-profit or not-for-profit corporation,
 254 limited liability company, or other similar business entity may
 255 join the self-insurance fund solely to insure risks related to
 256 public housing.

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

259 626.9201 Notice of cancellation or nonrenewal.—

260 (2) An insurer issuing a policy providing coverage for
 261 property, casualty, surety, or marine insurance must give the
 262 named insured written notice of cancellation or termination
 263 other than nonrenewal at least 45 days before the effective date
 264 of the cancellation or termination, including in the written
 265 notice the reasons for the cancellation or termination, except
 266 that:

267 (a) If cancellation is for nonpayment of premium, at least
 268 10 days' written notice of cancellation accompanied by the
 269 reason for cancellation must be given. As used in this
 270 paragraph, the term "nonpayment of premium" means the failure of
 271 the named insured to discharge when due any of his or her
 272 obligations in connection with the payment of premiums on a
 273 policy or an installment of such a premium, whether the premium
 274 or installment is payable directly to the insurer or its agent
 275 or indirectly under any plan for financing premiums or extension

276 of credit or the failure of the named insured to maintain
277 membership in an organization if such membership is a condition
278 precedent to insurance coverage. The term also includes the
279 failure of a financial institution to honor the check of an
280 applicant for insurance which was delivered to a licensed agent
281 for payment of a premium, even if the agent previously delivered
282 or transferred the premium to the insurer. If a correctly
283 dishonored check represents payment of the initial premium, the
284 contract and all contractual obligations are void ab initio
285 unless the nonpayment is cured within the earlier of 5 days
286 after actual notice by certified mail is received by the
287 applicant or 15 days after notice is sent to the applicant by
288 certified mail or registered mail, and, if the contract is void,
289 any premium received by the insurer from a third party must
290 ~~shall~~ be refunded to that party in full; ~~and~~

291 (b) If cancellation or termination occurs during the first
292 90 days during which the insurance is in force and if the
293 insurance is canceled or terminated for reasons other than
294 nonpayment, at least 20 days' written notice of cancellation or
295 termination accompanied by the reason for cancellation or
296 termination must be given, except if there has been a material
297 misstatement or misrepresentation or failure to comply with the
298 underwriting requirements established by the insurer; and-

299 (c)1. Upon a declaration of an emergency pursuant to s.
300 252.36 and the filing of an order by the Commissioner of

301 Insurance Regulation, an insurer may not cancel or nonrenew a
302 personal residential or commercial residential property
303 insurance policy covering a dwelling or residential property
304 located in this state which has been damaged as a result of a
305 hurricane or wind loss that is the subject of the declaration of
306 emergency for 90 days after the dwelling or residential property
307 has been repaired. A dwelling or residential property is deemed
308 to be repaired when substantially completed and restored to the
309 extent that the dwelling or residential property is insurable by
310 another insurer that is writing policies in this state.

311 2. An insurer or agent may cancel or nonrenew such a
312 policy before the repair of the dwelling or residential
313 property:

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

315 b. Upon 45 days' notice:

316 (I) For a material misstatement or fraud related to the
317 claim;

318 (II) If the insurer determines that the insured has
319 unreasonably caused a delay in the repair of the dwelling or
320 residential property;

321 (III) If the insurer or its agent has made a reasonable
322 written inquiry to the insured as to the status of the repair
323 and the insured has failed within 30 calendar days to provide
324 information that is responsive to the inquiry to either the
325 address or e-mail account designated by the insurer or its

326 agent; or

327 (IV) If the insurer has paid policy limits.

328 3. If the insurer elects to nonrenew a policy covering a
 329 dwelling or residential property that has been damaged, the
 330 insurer must provide at least 90 days' notice to the insured
 331 that the insurer intends to nonrenew the policy 90 days after
 332 the property has been repaired.

333 4. This paragraph does not prevent the insurer from
 334 canceling or nonrenewing the policy 90 days after the repair is
 335 completed for the same reasons the insurer would otherwise have
 336 canceled or nonrenewed the policy but for the limitations
 337 imposed in subparagraph 1.

338 5. The commission may adopt rules, and the Commissioner of
 339 Insurance Regulation may issue orders, necessary to implement
 340 this paragraph.

341 Section 6. Paragraph (j) of subsection (2) of section
 342 627.062, Florida Statutes, is amended to read:

343 627.062 Rate standards.—

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

345 (j) With respect to residential property insurance rate
 346 filings, the rate filing:

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

349 2. May use a modeling indication that is the weighted or
 350 straight average of two or more hurricane loss projection models

351 found by the Florida Commission on Hurricane Loss Projection
 352 Methodology to be accurate or reliable pursuant to s. 627.0628.
 353 If an averaged model is used under this section, the same
 354 averaged model must be used throughout this state. If a weighted
 355 average is used, the insurer must provide the office with a
 356 justification for using the weighted average which shows that
 357 the weighted average results in a rate that is reasonable,
 358 adequate, and fair.

359
 360 The provisions of this subsection do not apply to workers'
 361 compensation, employer's liability insurance, and motor vehicle
 362 insurance.

363 Section 7. Paragraph (n) of subsection (6) of section
 364 627.351, Florida Statutes, is amended to read:

365 627.351 Insurance risk apportionment plans.—

366 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

367 (n)1. Rates for coverage provided by the corporation must
 368 be actuarially sound pursuant to s. 627.062 and not competitive
 369 with approved rates charged in the admitted voluntary market so
 370 that the corporation functions as a residual market mechanism to
 371 provide insurance only when insurance cannot be procured in the
 372 voluntary market, except as otherwise provided in this
 373 paragraph. The office shall provide the corporation such
 374 information as would be necessary to determine whether rates are
 375 competitive. The corporation shall file its recommended rates

376 with the office at least annually. The corporation shall provide
 377 any additional information regarding the rates which the office
 378 requires. The office shall consider the recommendations of the
 379 board and issue a final order establishing the rates for the
 380 corporation within 45 days after the recommended rates are
 381 filed. The corporation may not pursue an administrative
 382 challenge or judicial review of the final order of the office.

383 2. In addition to the rates otherwise determined pursuant
 384 to this paragraph, the corporation shall impose and collect an
 385 amount equal to the premium tax provided in s. 624.509 to
 386 augment the financial resources of the corporation.

387 3. After the public hurricane loss-projection model under
 388 s. 627.06281 has been found to be accurate and reliable by the
 389 Florida Commission on Hurricane Loss Projection Methodology, the
 390 model shall be considered when establishing the windstorm
 391 portion of the corporation's rates. The corporation may use the
 392 public model results in combination with the results of private
 393 models to calculate rates for the windstorm portion of the
 394 corporation's rates. This subparagraph does not require or allow
 395 the corporation to adopt rates lower than the rates otherwise
 396 required or allowed by this paragraph.

397 4. The corporation must make a recommended actuarially
 398 sound rate filing for each personal and commercial line of
 399 business it writes.

400 5. Notwithstanding the board's recommended rates and the

401 office's final order regarding the corporation's filed rates
402 under subparagraph 1., the corporation shall annually implement
403 a rate increase which, except for sinkhole coverage, does not
404 exceed the following for any single policy issued by the
405 corporation, excluding coverage changes and surcharges:

- 406 a. Twelve percent for 2023.
- 407 b. Thirteen percent for 2024.
- 408 c. Fourteen percent for 2025.
- 409 d. Fifteen percent for 2026 and all subsequent years.

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

413 7. The corporation's implementation of rates as prescribed
414 in subparagraphs 5. and 8. shall cease for any line of business
415 written by the corporation upon the corporation's implementation
416 of actuarially sound rates. Thereafter, the corporation shall
417 annually make a recommended actuarially sound rate filing that
418 is not competitive with approved rates in the admitted voluntary
419 market for each commercial and personal line of business the
420 corporation writes.

421 8. ~~The following~~ New or renewal personal lines policies
422 that do not cover a primary residence ~~written on or after~~
423 ~~November 1, 2023,~~ are not subject to the rate increase
424 limitations in subparagraph 5., but may not be charged more than
425 50 percent above, nor less than, the prior year's established

426 rate for the corporation;

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

428 ~~b. New policies under which the coverage for the insured~~
 429 ~~risk, before the date of application with the corporation, was~~
 430 ~~last provided by an insurer determined by the office to be~~
 431 ~~unsound or an insurer placed in receivership under chapter 631;~~
 432 ~~or~~

433 ~~c. Subsequent renewals of those policies, including the~~
 434 ~~new policies in sub-subparagraph b., under which the coverage~~
 435 ~~for the insured risk, before the date of application with the~~
 436 ~~corporation, was last provided by an insurer determined by the~~
 437 ~~office to be unsound or an insurer placed in receivership under~~
 438 ~~chapter 631.~~

439 9. As used in this paragraph, the term "primary residence"
 440 means the dwelling that is the policyholder's primary home or is
 441 a rental property that is the primary home of the tenant, and
 442 which the policyholder or tenant occupies for more than 9 months
 443 of each year.

444 Section 8. Section 628.011, Florida Statutes, is amended
 445 to read:

446 628.011 Scope of part.—This part applies only to domestic
 447 ~~stock~~ insurers, mutual insurers, and captive insurers, except
 448 that s. 628.341(2) applies also as to foreign and alien
 449 insurers.

450 Section 9. Section 628.061, Florida Statutes, is amended

451 to read:

452 628.061 Investigation of proposed organization.—In
 453 connection with any proposal to organize or incorporate a
 454 domestic insurer, the office shall make an investigation of:

455 (1) The character, reputation, financial standing, and
 456 motives of the organizers, incorporators, and subscribers
 457 organizing the proposed insurer or any attorney in fact.

458 (2) The character, financial responsibility, insurance
 459 experience, and business qualifications of its proposed
 460 officers, members of its subscribers' advisory committee, or
 461 officers of its attorney in fact.

462 (3) The character, financial responsibility, business
 463 experience, and standing of the proposed stockholders and
 464 directors, including the stockholders and directors of any
 465 attorney in fact.

466 Section 10. Subsections (1), (2), and (5) of section
 467 628.801, Florida Statutes, are amended to read:

468 628.801 Insurance holding companies; registration;
 469 regulation.—

470 (1) An insurer that is authorized to do business in this
 471 state and that is a member of an insurance holding company
 472 shall, on or before April 1 of each year, register with the
 473 office and file a registration statement and be subject to
 474 regulation with respect to its relationship to the holding
 475 company as provided by law or rule. The commission shall adopt

476 rules establishing the information and statement form required
477 for registration and the manner in which registered insurers and
478 their affiliates are regulated. The rules apply to domestic
479 insurers, foreign insurers, and commercially domiciled insurers,
480 except for foreign insurers domiciled in states that are
481 currently accredited by the NAIC. Except to the extent of any
482 conflict with this code, the rules must include all requirements
483 and standards of the Insurance Holding Company System Model
484 Regulation and ss. 4 and 5 of the Insurance Holding Company
485 System Regulatory Act ~~and the Insurance Holding Company System~~
486 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
487 The commission may adopt subsequent amendments thereto if the
488 methodology remains substantially consistent. The rules may
489 include a prohibition on oral contracts between affiliated
490 entities. Material transactions between an insurer and its
491 affiliates must ~~shall~~ be filed with the office as provided by
492 rule.

493 (2) ~~Effective January 1, 2015,~~ The ultimate controlling
494 person of every insurer subject to registration shall also file
495 an annual enterprise risk report on or before April 1. As used
496 in this subsection, the term "ultimate controlling person" means
497 a person who is not controlled by any other person. The report
498 must, to the best of the ultimate controlling person's knowledge
499 and belief, ~~must~~ identify the material risks within the
500 insurance holding company system that could pose enterprise risk

501 to the insurer. The report must ~~shall~~ be filed with the lead
 502 state office of the insurance holding company system as
 503 determined by the procedures within the Financial Analysis
 504 Handbook adopted by the NAIC and is confidential and exempt from
 505 public disclosure as provided in s. 624.4212.

506 (a) An insurer may satisfy this requirement by providing
 507 the office with the most recently filed parent corporation
 508 reports that have been filed with the Securities and Exchange
 509 Commission which provide the appropriate enterprise risk
 510 information.

511 (b) The term "enterprise risk" means an activity,
 512 circumstance, event, or series of events involving one or more
 513 affiliates of an insurer which, if not remedied promptly, are
 514 likely to have a materially adverse effect upon the financial
 515 condition or liquidity of the insurer or its insurance holding
 516 company system as a whole, including anything that would cause
 517 the insurer's risk-based capital to fall into company action
 518 level as set forth in s. 624.4085 or would cause the insurer to
 519 be in a hazardous financial condition.

520 (c) The office may adopt rules for filing the annual
 521 enterprise risk report in accordance with the Insurance Holding
 522 Company System Regulatory Act and the Insurance Holding Company
 523 System Model Regulation of the NAIC, as adopted in December
 524 2020.

525 (5) ~~Effective January 1, 2015,~~ The failure to file a

526 registration statement, or a summary of the registration
527 statement, or the enterprise risk filing report required by this
528 section within the time specified for filing is a violation of
529 this section.

530 Section 11. Section 629.011, Florida Statutes, is amended
531 to read:

532 629.011 Definitions ~~"Reciprocal insurance" defined.~~ As
533 used in this part, the term:

534 (1) "Affiliated person" of another person means any of the
535 following:

536 (a) The spouse of the other person.

537 (b)1. The parents of the other person or their lineal
538 descendants.

539 2. The parents of the other person's spouse or their
540 lineal descendants.

541 (c) A person who directly or indirectly owns or controls,
542 or holds with the power to vote, 10 percent or more of the
543 outstanding voting securities of the other person.

544 (d) A person who directly or indirectly owns 10 percent or
545 more of the outstanding voting securities that are directly or
546 indirectly owned or controlled, or held with the power to vote,
547 by the other person.

548 (e) A person or group of persons who directly or
549 indirectly control, are controlled by, or are under common
550 control with the other person.

551 (f) A director, officer, trustee, partner, owner, manager,
552 joint venturer, or employee, or another person who is performing
553 duties similar to those of persons in such positions, of the
554 other person.

555 (g) If the other person is an investment company, any
556 investment adviser of such company or any member of an advisory
557 board of such company.

558 (h) If the other person is an unincorporated investment
559 company not having a board of directors, the depositor of such
560 company.

561 (i) A person who has entered into an agreement, written or
562 unwritten, to act in concert with the other person in acquiring,
563 or limiting the disposition of:

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

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

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

571 (3) "Controlling company" means a person, corporation,
572 trust, limited liability company, association, or other entity
573 owning, directly or indirectly, 10 percent or more of the voting
574 securities of one or more attorneys in fact that are stock
575 corporations, or 10 percent or more of the ownership interest of

576 one or more attorneys in fact that are not stock corporations.

577 (4) "Reciprocal insurance" means ~~is that resulting from~~ an
 578 interexchange among persons, known as "subscribers," of
 579 reciprocal agreements of indemnity, the interexchange being
 580 effectuated through an "attorney in fact" common to all such
 581 persons.

582 (5) "Reciprocal insurer" means an unincorporated
 583 aggregation of subscribers operating individually and
 584 collectively through an attorney in fact to provide reciprocal
 585 insurance among themselves.

586 Section 12. Section 629.021, Florida Statutes, is
 587 repealed.

588 Section 13. Section 629.061, Florida Statutes, is
 589 repealed.

590 Section 14. Section 629.081, Florida Statutes, is amended
 591 to read:

592 629.081 Organization of reciprocal insurer.—

593 (1) Twenty-five or more persons domiciled in this state
 594 may organize a domestic reciprocal insurer by applying ~~and make~~
 595 ~~application~~ to the office for a permit to do so. A domestic
 596 reciprocal insurer may not be formed unless the persons so
 597 proposing have first received a permit from the office a
 598 ~~certificate of authority to transact insurance.~~

599 (2) The permit application, to be filed by the organizers
 600 or the proposed attorney in fact, must be in writing and made in

601 accordance with forms prescribed by the commission. In addition
 602 to any applicable requirements of s. 628.051 and other relevant
 603 statutes, the application must include all of the following
 604 ~~shall fulfill the requirements of and shall execute and file~~
 605 ~~with the office, when applying for a certificate of authority, a~~
 606 ~~declaration setting forth:~~

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

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

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

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

615 (e) The proposed designation and appointment of the
 616 proposed attorney in fact and a copy of the proposed power of
 617 attorney.†

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

621 (g) The background information as specified in s. 629.227
 622 for all officers, directors, managers, and those in equivalent
 623 positions of the proposed attorney in fact as well as for any
 624 person with an ownership interest of 10 percent or more in the
 625 proposed attorney in fact.

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

629 (i) The proposed charter powers of the subscribers'
630 advisory committee, and the names and terms of office of the
631 members thereof, as well as the background information as
632 specified in s. 629.227 for each proposed member.;

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

637 ~~(j)(i) A copy of the proposed subscribers' agreement.;~~

638 ~~(j) A statement that each of the original subscribers has~~
639 ~~in good faith applied for insurance of a kind proposed to be~~
640 ~~transacted, and that the insurer has received from each such~~
641 ~~subscriber the full premium or premium deposit required for the~~
642 ~~policy applied for, for a term of not less than 6 months at an~~
643 ~~adequate rate theretofore filed with and approved by the office;~~

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

647 ~~(l) A copy of each policy, endorsement, and application~~
648 ~~form it then proposes to issue or use.~~

649 (l) Any other pertinent information and documents as
650 reasonably requested by the office.

651 (3) The filing must be accompanied by the application fee
 652 required by s. 624.501(1)(a).

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

656
 657 ~~Such declaration shall be acknowledged by the attorney before an~~
 658 ~~officer authorized to take acknowledgments.~~

659 Section 15. Section 629.091, Florida Statutes, is amended
 660 to read:

661 629.091 Reciprocal certificate of authority.—

662 (1) A domestic reciprocal insurer may seek a certificate
 663 of authority only after obtaining a permit.

664 (2) To apply for a certificate of authority as a domestic
 665 reciprocal insurer, the attorney in fact of an applicant who has
 666 previously received a permit from the office may file an
 667 application for a certificate of authority in accordance with
 668 forms prescribed by the commission which, in addition to
 669 applicable requirements of ss. 624.404, 624.411, 624.413, and
 670 other relevant statutes, consists of all of the following:

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

673 (b) A statement affirming that all moneys paid to the
 674 reciprocal insurer shall, after deducting therefrom any sum
 675 payable to the attorney in fact, be held in the name of the

676 insurer and for the purposes specified in the subscribers'
677 agreement.

678 (c) A statement that each of the original subscribers has
679 in good faith applied for insurance of a kind proposed to be
680 transacted, and that the insurer has received from each such
681 subscriber the full premium or premium deposit required for the
682 policy applied for, for a term of not less than 6 months at an
683 adequate rate that was filed with and approved by the office.

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

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

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

690 (3) If the reciprocal insurer intends to issue
691 nonassessable policies upon receipt of a certificate of
692 authority and if the office determines that the reciprocal
693 insurer meets the legal requirements to issue nonassessable
694 policies, including the surplus requirements, the office shall
695 grant the authorization. If the surplus of the reciprocal
696 insurer becomes impaired, the insurer may no longer issue or
697 renew nonassessable policies or convert assessable policies to
698 nonassessable policies, and s. 629.301 applies.

699 (4) The certificate of authority ~~must~~ of a reciprocal
700 insurer ~~shall~~ be issued to its attorney in the name of the

701 reciprocal insurer to its attorney in fact.

702 Section 16. Section 629.094, Florida Statutes, is created
703 to read:

704 629.094 Continued eligibility for certificate of
705 authority.-In order to maintain its eligibility for a
706 certificate of authority, a domestic reciprocal insurer must
707 continue to meet all applicable conditions required for
708 receiving the initial permit and certificate of authority under
709 the insurance code and the rules adopted thereunder.

710 Section 17. Section 629.101, Florida Statutes, is amended
711 to read:

712 629.101 Power of attorney in fact.-

713 (1) The rights and powers of the attorney of a reciprocal
714 insurer are ~~shall be~~ as provided in the power of attorney given
715 it by the subscribers.

716 (2) The power of attorney must set forth all of the
717 following:

718 (a) The powers of the attorney .~~†~~

719 (b) That the attorney is empowered to accept service of
720 process on behalf of the insurer in actions against the insurer
721 upon contracts exchanged .~~†~~

722 (c) The general services to be performed by the attorney .~~†~~

723 (d) That the attorney has a fiduciary duty to the
724 subscribers of the reciprocal insurer.

725 (e)-(d) The maximum amount to be deducted from advance

726 premiums or deposits to be paid to the attorney and the general
 727 items of expense in addition to losses, to be paid by the
 728 insurer. ~~and~~

729 (f) ~~(e)~~ Except as to nonassessable policies, a provision
 730 for a contingent several liability of each subscriber in a
 731 specified amount, which amount may ~~shall be~~ not be less than 5
 732 nor more than 10 times the premium or premium deposit stated in
 733 the policy.

734 (3) The power of attorney may:

735 (a) Provide for the right of substitution of the attorney
 736 and revocation of the power of attorney and rights thereunder. ~~and~~

737 (b) Impose such restrictions upon the exercise of the
 738 power as are agreed upon by the subscribers. ~~and~~

739 (c) Provide for the exercise of any right reserved to the
 740 subscribers directly or through their advisory committee. ~~and~~

741 (d) Contain other lawful provisions deemed advisable.

742 (4) The terms of any power of attorney or agreement
 743 collateral thereto must ~~shall~~ be reasonable and equitable, and
 744 no such power or agreement may ~~shall~~ be used or be effective in
 745 this state unless filed with the office.

746 Section 18. Section 629.225, Florida Statutes, is created
 747 to read:

748 629.225 Acquisitions.—

749 (1) A person may not, individually or in conjunction with
 750 an affiliated person of such person, directly or indirectly,

751 conclude a tender offer or exchange offer for, enter into any
752 agreement to exchange securities for, or otherwise finally
753 acquire 10 percent or more of the outstanding voting securities
754 of an attorney in fact that is a stock corporation or of a
755 controlling company of an attorney in fact that is a stock
756 corporation; or conclude an acquisition of, or otherwise finally
757 acquire, 10 percent or more of the ownership interest of an
758 attorney in fact that is not a stock corporation or of a
759 controlling company of an attorney in fact that is not a stock
760 corporation, unless all of the following conditions are met:

761 (a)1. The person or affiliated person has filed with the
762 office and sent to the principal office of the attorney in fact,
763 any controlling company of the attorney in fact, the
764 subscribers' advisory committee, and the domestic reciprocal
765 insurer a letter of notification regarding the transaction or
766 proposed transaction no later than 5 days after any form of
767 tender offer or exchange offer is proposed, or no later than 5
768 days after the acquisition of the securities or ownership
769 interest if a tender offer or exchange offer is not involved.
770 The notification must be provided on forms prescribed by the
771 commission containing information determined necessary to
772 understand the transaction and identify all purchasers and
773 owners involved.

774 2. The subscribers' advisory committee must provide the
775 notification to the subscribers of the reciprocal insurer within

776 3 business days. Such notification must be provided on a form
777 prescribed by the commission explaining what the notification is
778 and letting the subscribers know of the filing deadlines for
779 objecting to the acquisition.

780 (b) The person or affiliated person has filed with the
781 office an application, signed under oath and prepared on forms
782 prescribed by the commission, which contains the information
783 specified in subsection (3). The application must be completed
784 and filed within 30 days after any form of tender offer or
785 exchange offer is proposed, or after the acquisition of the
786 securities if a tender offer or exchange offer is not involved.

787 (c) The office has approved the tender offer or exchange
788 offer, or acquisition if a tender offer or exchange offer is not
789 involved.

790 (2) The person or affiliated person filing the notice
791 required in paragraph (1) (a) may additionally request the office
792 to waive the requirements of paragraph (1) (b), provided that
793 there is no change in the ultimate controlling shareholders and
794 no change in the ownership percentages of the ultimate
795 controlling shareholders, and no unaffiliated parties acquire
796 any direct or indirect interest in the attorney in fact. The
797 office may waive the filing required in paragraph (1) (b) if it
798 determines that in fact there is no change in the ultimate
799 controlling shareholders and no change in the ownership
800 percentages of the ultimate controlling shareholders, and no

801 unaffiliated parties will acquire any direct or indirect
802 interest in the attorney in fact.

803 (3) The application to be filed with the office and
804 furnished to the attorney in fact must contain all of the
805 following information and any additional information as the
806 office deems necessary to determine the character, experience,
807 ability, and other qualifications of the person or affiliated
808 person of such person for the protection of the reciprocal
809 insurer's subscribers and of the public:

810 (a) The identity and background information specified in
811 s. 629.227 of:

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

814 2. Any person who controls, directly or indirectly, such
815 other person, including each director, officer, trustee,
816 partner, owner, manager, or joint venturer, or another person
817 performing duties similar to those of persons in such positions,
818 for the person.

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

821 (c) Any plans or proposals that such persons may have made
822 to liquidate the attorney in fact or controlling company, to
823 sell any of their assets or merge or consolidate them with any
824 person, or to make any other major change in their business or
825 corporate structure or management.

826 (d) The nature and the extent of the controlling interest
827 which the person or affiliated person of such person proposes to
828 acquire, the terms of the proposed acquisition, and the manner
829 in which the controlling interest is to be acquired of an
830 attorney in fact or controlling company which is not a stock
831 corporation.

832 (e) The number of shares or other securities that the
833 person or affiliated person of such person proposes to acquire,
834 the terms of the proposed acquisition, and the manner in which
835 the securities are to be acquired.

836 (f) Information as to any contract, arrangement, or
837 understanding with any party with respect to any of the
838 securities of the attorney in fact or controlling company,
839 including, but not limited to, information relating to the
840 transfer of any of the securities, option arrangements, puts or
841 calls, or the giving or withholding of proxies, which
842 information names the party with whom the contract, arrangement,
843 or understanding has been entered into and gives the details
844 thereof.

845 (4) The filing must be accompanied by the fee required
846 under s. 624.501(1)(a).

847 (5) If any material change occurs in the facts provided in
848 the application filed with the office pursuant to this section,
849 or the background information required under s. 629.227, an
850 amendment specifying such changes must be filed immediately with

851 the office, and a copy of the amendment must be sent to the
852 principal office of the attorney in fact and to the principal
853 office of the controlling company.

854 (6)(a) The acquisition application must be reviewed in
855 accordance with chapter 120. The office may, on its own
856 initiative, or, if requested to do so in writing by a
857 substantially affected person, shall conduct a proceeding to
858 consider the appropriateness of the proposed filing. Time
859 periods for purposes of chapter 120 are tolled during the
860 pendency of the proceeding. Any written request for a proceeding
861 must be filed with the office within 10 days after the date on
862 which notice of the filing is given, or 10 days after the date
863 on which notice of the filing is sent to the subscribers by the
864 subscribers' advisory committee, whichever is later. During the
865 pendency of the proceeding or review period by the office, any
866 person or affiliated person complying with the filing
867 requirements of this section may proceed and take all steps
868 necessary to conclude the acquisition as long as the
869 acquisition's becoming final is conditioned upon obtaining
870 office approval. However, at any time that the office finds that
871 an immediate danger to the public health, safety, and welfare of
872 the reciprocal insurer's subscribers exists, the office shall
873 immediately order, pursuant to s. 120.569(2)(n), the proposed
874 acquisition disapproved and any further steps to conclude the
875 acquisition ceased.

876 (b) During the pendency of the office's review of any
877 acquisition subject to this section, the acquiring person may
878 not make any material change in the operation of the attorney in
879 fact or controlling company unless the office has specifically
880 approved the change, and the acquiring person may not make any
881 material change in the management of the attorney in fact unless
882 advance written notice of the change in management is furnished
883 to the office. As used in this paragraph, the term "material
884 change in the operation of the attorney in fact" means a
885 transaction that disposes of or obligates 5 percent or more of
886 the capital and surplus of the attorney in fact or of any
887 domestic reciprocal insurer. The term "material change in the
888 management of the attorney in fact" means any change in
889 management involving officers or directors of the attorney in
890 fact or any person of the attorney in fact or controlling
891 company having authority to dispose of or obligate 5 percent or
892 more of the attorney in fact's capital or surplus. The office
893 must approve a material change in operations if it finds the
894 applicable provisions of subsection (7) have been met. The
895 office may disapprove a material change in management if it
896 finds that the applicable provisions of subsection (7) have not
897 been met, and, in such case, the attorney in fact shall promptly
898 change management as acceptable to the office.

899 (c) If a request for a proceeding is filed, the proceeding
900 must be conducted within 60 days after the date the written

901 request for a proceeding is received by the office. A
902 recommended order must be issued within 20 days after the date
903 of the close of the proceedings. A final order must be issued
904 within 20 days after the date of the recommended order or, if
905 exceptions to the recommended order are filed, within 20 days
906 after the date the exceptions are filed.

907 (7) The office may disapprove any acquisition subject to
908 this section by any person, or any affiliated person of such
909 person, who:

910 (a) Willfully violates this section;

911 (b) In violation of an order issued by the office pursuant
912 to subsection (12), fails to divest himself or herself of any
913 stock or ownership interest obtained in violation of this
914 section or fails to divest himself or herself of any direct or
915 indirect control of such stock or ownership interest, within 25
916 days after such order; or

917 (c) In violation of an order issued by the office pursuant
918 to subsection (12), acquires an additional stock or ownership
919 interest in an attorney in fact or controlling company or direct
920 or indirect control of such stock or ownership interest, without
921 complying with this section.

922 (8) The person filing the application required by this
923 section has the burden of proof. The office must approve any
924 such acquisition if it finds, on the basis of the record made
925 during any proceeding or on the basis of the filed application

926 if no proceeding is conducted, that:

927 (a) The financial condition of the acquiring person will
928 not jeopardize the financial stability of the attorney in fact
929 or prejudice the interests of the reciprocal insurer's
930 subscribers or the public.

931 (b) Any plan or proposal that the acquiring person has
932 made:

933 1. To liquidate the attorney in fact, sell its assets, or
934 merge or consolidate it with any person, or to make any other
935 major change in its business or corporate structure or
936 management; or

937 2. To liquidate any controlling company, sell its assets,
938 or merge or consolidate it with any person, or to make any major
939 change in its business or corporate structure or management
940 which would have an effect upon the attorney in fact,

941
942 is fair and free of prejudice to the reciprocal insurer's
943 subscribers or to the public.

944 (c) The competence, experience, and integrity of those
945 persons who will control directly or indirectly the operation of
946 the attorney in fact indicate that the acquisition is in the
947 best interest of the reciprocal insurer's subscribers and in the
948 public interest.

949 (d) The natural persons for whom background information is
950 required to be furnished pursuant to this section have such

951 backgrounds as to indicate that it is in the best interests of
952 the reciprocal insurer's subscribers and in the public interest
953 to permit such persons to exercise control over the attorney in
954 fact.

955 (e) The directors and officers, if such attorney in fact
956 or controlling company is a stock corporation, or the trustees,
957 partners, owners, managers, joint venturers, or other persons
958 performing duties similar to those of persons in such positions,
959 if such attorney in fact or controlling company is not a stock
960 corporation, to be employed after the acquisition have
961 sufficient insurance experience and ability to ensure reasonable
962 promise of successful operation.

963 (f) The management of the attorney in fact after the
964 acquisition will be competent and trustworthy and will possess
965 sufficient managerial experience so as to make the proposed
966 operation of the attorney in fact not hazardous to the
967 insurance-buying public.

968 (g) The management of the attorney in fact after the
969 acquisition will not include any person who has directly or
970 indirectly through ownership, control, reinsurance transactions,
971 or other insurance or business relations unlawfully manipulated
972 the assets, accounts, finances, or books of any insurer or
973 otherwise acted in bad faith with respect thereto.

974 (h) The acquisition is not likely to be hazardous or
975 prejudicial to the reciprocal insurer's subscribers or to the

976 public.

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

981 (9) A vote by the stockholder of record, or by any other
982 person, of any security acquired in contravention of this
983 section is not valid. Any acquisition contrary to this section
984 is void. Upon the petition of the attorney in fact, the
985 controlling company, or the reciprocal insurer, the circuit
986 court for the county in which the principal office of the
987 attorney in fact is located may, without limiting the generality
988 of its authority, order the issuance or entry of an injunction
989 or other order to enforce this section. There is a private right
990 of action in favor of the attorney in fact or controlling
991 company to enforce this section. A demand upon the office that
992 it perform its functions is not required as a prerequisite to
993 any suit by the attorney in fact or controlling company against
994 another person, and in no case is the office deemed a necessary
995 party to any action by the attorney in fact or controlling
996 company to enforce this section. Any person who makes or
997 proposes an acquisition requiring the filing of an application
998 pursuant to this section, or who files such an application, is
999 deemed thereby to have designated the Chief Financial Officer,
1000 or his or her assistant or deputy or another person in charge of

1001 his or her office, as such person's agent for service of process
1002 under this section and is deemed thereby to have submitted
1003 himself or herself to the administrative jurisdiction of the
1004 office and to the jurisdiction of the circuit court.

1005 (10) Any approval by the office under this section does
1006 not constitute a recommendation by the office of the tender
1007 offer or exchange offer, or the acquisition if a tender offer or
1008 exchange offer is not involved. It is unlawful for a person to
1009 represent that the office's approval constitutes a
1010 recommendation. A person who violates this subsection commits a
1011 felony of the third degree, punishable as provided in s.
1012 775.082, s. 775.083, or s. 775.084. The statute-of-limitations
1013 period for the prosecution of an offense committed under this
1014 subsection is 5 years.

1015 (11) A person may rebut a presumption of control by filing
1016 a disclaimer of control with the office on a form prescribed by
1017 the commission. The disclaimer must fully disclose all material
1018 relationships and bases for affiliation between the person and
1019 the attorney in fact as well as the basis for disclaiming the
1020 affiliation. In lieu of such form, a person or acquiring party
1021 may file with the office a copy of a Schedule 13G filed with the
1022 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
1023 (c), 17 C.F.R. s. 240.13d-1, under the Securities Exchange Act
1024 of 1934, as amended. After a disclaimer has been filed, the
1025 attorney in fact is relieved of any duty to register or report

1026 under this section which may arise out of the attorney in fact's
1027 relationship with the person unless the office disallows the
1028 disclaimer.

1029 (12) If the office determines that any person or any
1030 affiliated person of such person has acquired 10 percent or more
1031 of the outstanding voting securities of an attorney in fact or
1032 controlling company that is a stock corporation, or 10 percent
1033 or more of the ownership interest of an attorney in fact or
1034 controlling company that is not a stock corporation, without
1035 complying with this section, the office may order that the
1036 person and any affiliated person of such person cease
1037 acquisition of the attorney in fact or controlling company and,
1038 if appropriate, divest itself of any stock or ownership interest
1039 acquired in violation of this section.

1040 (13) (a) The office shall, if necessary to protect the
1041 public interest, suspend or revoke the certificate of authority
1042 of the reciprocal insurer whose attorney in fact or controlling
1043 company is acquired in violation of this section.

1044 (b) If a reciprocal insurer is subject to suspension or
1045 revocation pursuant to paragraph (a), any other reciprocal
1046 insurer using the same attorney in fact is also subject to
1047 suspension or revocation. In such case, the office may offer any
1048 affected reciprocal insurer, through its subscriber
1049 representatives, the ability to cure any suspension or
1050 revocation by procuring another attorney in fact acceptable to

1051 the office or by taking any other action agreed to by the
 1052 office.

1053 (14) This section applies to domestic reciprocal insurers
 1054 and the attorney in fact of domestic reciprocal insurers. This
 1055 section does not apply to any acquisition of voting securities
 1056 or ownership interest of an attorney in fact or of a controlling
 1057 company by any person who is the owner of a majority of the
 1058 voting securities or ownership interest with the approval of the
 1059 office under this section or s. 629.091.

1060 Section 19. Section 629.227, Florida Statutes, is created
 1061 to read:

1062 629.227 Background information.—The information as to the
 1063 background and identity of each person about whom information is
 1064 required to be furnished pursuant to s. 629.081 or s. 629.225
 1065 must include, but need not be limited to, all of the following:

1066 (1) A sworn biographical statement, on forms adopted by
 1067 the commission, which must include, but need not be limited to,
 1068 the following information:

1069 (a) Occupations, positions of employment, and offices held
 1070 during the past 20 years, including the principal business and
 1071 address of any business, corporation, or organization where each
 1072 occupation, position of employment, or office occurred.

1073 (b) Whether, at any time during such 20-year period, the
 1074 person was convicted of any crime other than a traffic
 1075 violation.

1076 (c) Whether, during such 20-year period, the person has
1077 been the subject of any proceeding for the revocation of any
1078 license and, if so, the nature of the proceeding and the
1079 disposition of the proceeding.

1080 (d) Whether, during such 20-year period, the person has
1081 been the subject of any proceeding under the federal Bankruptcy
1082 Act.

1083 (e) Whether, during such 20-year period, any person or
1084 other business or organization in which the person was a
1085 director, officer, trustee, partner, owner, manager, or other
1086 official has been the subject of any proceeding under the
1087 federal Bankruptcy Act, either during the time of that person's
1088 tenure with the business or organization or within 12 months
1089 thereafter.

1090 (f) Whether, during such 20-year period, the person has
1091 been enjoined, either temporarily or permanently, by a court of
1092 competent jurisdiction from violating any federal or state law
1093 regulating the business of insurance, securities, or banking, or
1094 from carrying out any particular practice or practices in the
1095 course of the business of insurance, securities, or banking,
1096 together with details as to any such event.

1097 (g) Whether, during such 20-year period, the person has
1098 served as the attorney in fact, a subscribers' advisory
1099 committee member, or any other manager or officer of a
1100 reciprocal insurer or insurer that became insolvent or had its

1101 certificate of authority suspended or revoked.

1102 (2) Fingerprints of each person.

1103 (3) An authorization for release of information in regard
 1104 to the investigation of such person's background.

1105 (4) Any additional information that the office deems
 1106 necessary to determine the character, experience, ability, and
 1107 other qualifications of the person, or affiliated person of such
 1108 person, for the protection of the reciprocal insurer's
 1109 subscribers and of the public.

1110 Section 20. Section 629.229, Florida Statutes, is created
 1111 to read:

1112 629.229 Attorneys in fact, officers, and directors of
 1113 insolvent reciprocal insurers or other insurers.—A person who
 1114 served as an attorney in fact, or as an officer, director, or
 1115 manager of an attorney in fact, a member of a subscribers'
 1116 advisory committee of a reciprocal insurer doing business in
 1117 this state, or an officer or director of any other insurer doing
 1118 business in this state, and who served in that capacity within
 1119 the 2-year period before the date the insurer or reciprocal
 1120 insurer became insolvent, for an insolvency that occurs on or
 1121 after July 1, 2024, may not thereafter:

1122 (1) Serve as an attorney in fact, or as an officer,
 1123 director, or manager of an attorney in fact; a member of a
 1124 subscribers' advisory committee of a reciprocal insurer doing
 1125 business in this state; or an officer or director of any other

1126 insurer doing business in this state; or
 1127 (2) Have direct or indirect control over the selection or
 1128 appointment of an attorney in fact, or of an officer, director,
 1129 or manager of an attorney in fact; or a member of the
 1130 subscribers' advisory committee of a reciprocal insurer doing
 1131 business in this state; or an officer or director of any insurer
 1132 doing business in this state, through contract or trust or by
 1133 operation of law,
 1134
 1135 unless the person demonstrates that his or her personal actions
 1136 or omissions were not a significant contributing cause to the
 1137 insolvency.

1138 Section 21. Section 629.261, Florida Statutes, is amended
 1139 to read:

1140 629.261 Nonassessable policies.—Upon the impairment of the
 1141 surplus of a nonassessable reciprocal insurer, the office shall
 1142 revoke the authorization issued under s. 629.091(3) or s.
 1143 629.291(5).

1144 ~~(1) If a reciprocal insurer has a surplus as to~~
 1145 ~~policyholders required of a domestic stock insurer authorized to~~
 1146 ~~transact like kinds of insurance, upon application of the~~
 1147 ~~attorney and as approved by the subscribers' advisory committee~~
 1148 ~~the office shall issue its certificate authorizing the insurer~~
 1149 ~~to extinguish the contingent liability of subscribers under its~~
 1150 ~~policies then in force in this state and to omit provisions~~

CS/HB 1611

2024

1151 ~~imposing contingent liability in all policies delivered or~~
1152 ~~issued for delivery in this state for so long as all such~~
1153 ~~surplus remains unimpaired.~~

1154 ~~(2) Upon impairment of such surplus, the office shall~~
1155 ~~forthwith revoke the certificate.~~ Such revocation shall not
1156 render subject to contingent liability any policy then in force
1157 and for the remainder of the period for which the premium has
1158 theretofore been paid; but, after such revocation, no policy
1159 shall be issued or renewed without providing for contingent
1160 assessment liability of the subscriber.

1161 ~~(3) The office shall not authorize a domestic reciprocal~~
1162 ~~insurer so to extinguish the contingent liability of any of its~~
1163 ~~subscribers or in any of its policies to be issued, unless it~~
1164 ~~qualifies to and does extinguish such liability of all its~~
1165 ~~subscribers and in all such policies for all kinds of insurance~~
1166 ~~transacted by it; except that, if required by the laws of~~
1167 ~~another state in which the insurer is transacting insurance as~~
1168 ~~an authorized insurer, the insurer may issue policies providing~~
1169 ~~for the contingent liability of such of its subscribers as may~~
1170 ~~acquire such policies in such state, and need not extinguish the~~
1171 ~~contingent liability applicable to policies theretofore in force~~
1172 ~~in such state.~~

1173 Section 22. Subsections (1), (2), and (4) of section
1174 629.291, Florida Statutes, are amended, and subsection (5) is
1175 added to that section, to read:

1176 629.291 Merger or conversion.—

1177 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote
 1178 of not less than two-thirds of its subscribers who vote on such
 1179 merger pursuant to due notice, and subject to the approval by ~~of~~
 1180 the office of the terms therefor, may merge with another
 1181 reciprocal insurer or be converted to a stock or mutual insurer,
 1182 to be thereafter governed by the applicable sections of the
 1183 Florida Insurance Code. However, a domestic stock insurer may
 1184 not convert to a reciprocal insurer.

1185 (2) A plan to merge a reciprocal insurer with another
 1186 reciprocal insurer or for conversion of the reciprocal insurer
 1187 to a stock or mutual insurer must be filed with the office on
 1188 forms adopted by the office and must contain such information as
 1189 the office reasonable requires to evaluate the transaction ~~Such~~
 1190 ~~a stock or mutual insurer shall be subject to the same capital~~
 1191 ~~or surplus requirements and shall have the same rights as a like~~
 1192 ~~domestic insurer transacting like kinds of insurance.~~

1193 (4) Reinsurance of all or substantially all of the
 1194 insurance in force of a domestic reciprocal insurer in another
 1195 insurer is ~~shall be~~ deemed to be a merger for the purposes of
 1196 this section.

1197 (5) (a) An assessable reciprocal insurer may convert to a
 1198 nonassessable reciprocal insurer if:

1199 1. The subscribers' advisory committee approves the
 1200 conversion;

1201 2. The attorney in fact submits the application for
 1202 conversion on the required application form; and

1203 3. The office finds that the application for conversion
 1204 meets the minimum statutory requirements.

1205 (b) If the office approves the application for conversion,
 1206 the assessable reciprocal insurer may convert to a nonassessable
 1207 reciprocal insurer by:

1208 1. Extinguishing the contingent liability of subscribers
 1209 under all policies then in force in this state;

1210 2. Omitting contingent liability provisions in all
 1211 policies delivered or issued in this state after the conversion;
 1212 and

1213 3. Otherwise extinguishing the contingent liability of all
 1214 of its subscribers. However, if the reciprocal insurer is
 1215 transacting insurance as an authorized insurer in another state
 1216 and that state's laws require the insurer to issue policies with
 1217 contingent liability provisions, the insurer may issue
 1218 contingent liability policies in that other state.

1219 (c) If the surplus of the reciprocal insurer becomes
 1220 impaired, the insurer may no longer issue nonassessable policies
 1221 or convert assessable policies to nonassessable policies, and s.
 1222 629.301 applies.

1223 Section 23. Section 629.525, Florida Statutes, is created
 1224 to read:

1225 629.525 Rulemaking authority.—The commission shall adopt,

1226 amend, or repeal rules pursuant to chapter 120 which are
 1227 necessary to implement this chapter.

1228 Section 24. Paragraph (h) of subsection (3) of section
 1229 163.01, Florida Statutes, is amended to read:

1230 163.01 Florida Interlocal Cooperation Act of 1969.—

1231 (3) As used in this section:

1232 (h) "Local government liability pool" means a reciprocal
 1233 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
 1234 insurance program created pursuant to s. 768.28(16), formed and
 1235 controlled by counties or municipalities of this state to
 1236 provide liability insurance coverage for counties,
 1237 municipalities, or other public agencies of this state, which
 1238 pool may contract with other parties for the purpose of
 1239 providing claims administration, processing, accounting, and
 1240 other administrative facilities.

1241 Section 25. Subsection (3) of section 626.9531, Florida
 1242 Statutes, is amended to read:

1243 626.9531 Identification of insurers, agents, and insurance
 1244 contracts.—

1245 (3) For the purposes of this section, the term "risk
 1246 bearing entity" means a reciprocal insurer as defined in s.
 1247 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
 1248 in s. 624.462, a group self-insurance fund as defined in s.
 1249 624.4621, a local government self-insurance fund as defined in
 1250 s. 624.4622, a self-insured public utility as defined in s.

CS/HB 1611

2024

1251 624.46225, or an independent educational institution self-
1252 insurance fund as defined in s. 624.4623. For the purposes of
1253 this section, the term "risk bearing entity" does not include an
1254 authorized insurer as defined in s. 624.09.

1255 Section 26. This act shall take effect July 1, 2024.