

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. 624.462,
13 F.S.; authorizing a group of nursing homes and
14 assisted living facilities to organize a commercial
15 self-insurance fund; amending s. 624.46226, F.S.;
16 revising the requirements for public housing authority
17 self-insurance funds; amending s. 626.9201, F.S.;
18 prohibiting insurers from canceling and nonrenewing
19 policies covering dwellings and residential properties
20 damaged as a result hurricanes or wind losses within
21 certain timeframes; providing exceptions to
22 prohibitions against insurers' policy cancellations
23 and nonrenewals within certain timeframes under
24 certain circumstances; providing construction;
25 authorizing the Financial Services Commission to adopt

26 rules and the Commissioner of Insurance Regulation to
27 issue orders; amending s. 627.062, F.S.; specifying
28 requirements for rate filings if certain models are
29 used; amending s. 627.351, F.S.; revising requirements
30 for certain policies issued by Citizens Property
31 Insurance Corporation which are not subject to certain
32 rate increase limitations; amending s. 627.4133, F.S.;
33 prohibiting eligible surplus lines insurers from
34 canceling and nonrenewing policies covering dwellings
35 and residential properties damaged by covered perils
36 within certain timeframes; revising circumstances and
37 timeframes under which authorized insurers are
38 prohibited from canceling and nonrenewing policies
39 covering dwellings and residential properties damaged
40 by covered perils within certain timeframes; providing
41 exceptions to such prohibitions against eligible
42 surplus lines insurers within certain timeframes;
43 revising exceptions to such prohibitions against
44 authorized insurers within certain timeframes;
45 revising conditions under which a structure is deemed
46 to be repaired; revising the definition of the term
47 "insurer" to include eligible surplus lines insurers;
48 defining the term "damage"; authorizing the
49 commissioner to issue orders under certain
50 circumstances; providing applicability; amending s.

51 627.7011, F.S.; revising the definition of the term
52 "authorized inspector" to include licensed roofing
53 contractors for the purpose of homeowners' insurance
54 policies; amending ss. 628.011 and 628.061, F.S.;
55 conforming provisions to changes made by the act;
56 amending s. 628.801, F.S.; revising requirements for
57 rules adopted for insurers that are members of an
58 insurance holding company; deleting an obsolete date;
59 authorizing the office to adopt rules; amending s.
60 629.011, F.S.; defining terms; repealing s. 629.021,
61 F.S., relating to the definition of the term
62 "reciprocal insurer"; repealing s. 629.061, F.S.,
63 relating to attorney; amending s. 629.081, F.S.;
64 revising the procedure for persons to organize as a
65 domestic reciprocal insurer; specifying requirements
66 for the permit application; requiring that the
67 application be accompanied by a specified fee;
68 requiring that the office evaluate and grant or deny
69 the permit application in accordance with specified
70 provisions; removing the requirement that a specified
71 declaration be acknowledged by an attorney; amending
72 s. 629.091, F.S.; providing requirements for the
73 application for a certificate of authority to operate
74 as a domestic reciprocal insurer; requiring the office
75 to grant the authorization for reciprocal insurers to

76 | issue nonassessable policies under certain
77 | circumstances; requiring that certificates of
78 | authority be issued in the name of the reciprocal
79 | insurer to its attorney in fact; creating s. 629.094,
80 | F.S.; requiring a domestic reciprocal insurer to meet
81 | certain requirements to maintain its eligibility for a
82 | certificate of authority; amending s. 629.101, F.S.;
83 | revising requirements for the power of attorney given
84 | by subscribers of a domestic reciprocal insurer to the
85 | attorney in fact; conforming provisions to changes
86 | made by the act; creating s. 629.225, F.S.;
87 | prohibiting persons from acquiring certain securities
88 | or ownership interests of certain attorneys in fact
89 | and controlling companies of certain attorneys in
90 | fact; providing an exception; authorizing certain
91 | persons to request that the office waive certain
92 | requirements; providing that the office may waive
93 | certain requirements if specified determinations are
94 | made; specifying the requirements of an application to
95 | the office relating to certain acquisitions; requiring
96 | that such application be accompanied by a specified
97 | fee; requiring that amendments be filed with the
98 | office under certain circumstances; specifying the
99 | manner in which the acquisition application must be
100 | reviewed; authorizing the office, and requiring the

101 office if a request for a proceeding is filed, to
102 conduct a proceeding within a specified timeframe to
103 consider the appropriateness of such application;
104 requiring that certain time periods be tolled;
105 requiring that written requests for a proceeding be
106 filed within a certain timeframe; authorizing certain
107 persons to take all steps to conclude the acquisition
108 during the pendency of the proceeding or review
109 period; requiring the office to order a proposed
110 acquisition disapproved and that actions to conclude
111 the acquisition be ceased under certain circumstances;
112 prohibiting certain persons from making certain
113 changes during the pendency of the office's review of
114 an acquisition; providing an exception; defining the
115 terms "material change in the operation of the
116 attorney in fact" and "material change in the
117 management of the attorney in fact"; requiring the
118 office to approve or disapprove certain changes upon
119 making certain findings; requiring that a proceeding
120 be conducted within a certain timeframe; requiring
121 that recommended orders and final orders be issued
122 within a certain timeframe; specifying the
123 circumstances under which the office may disapprove an
124 acquisition; specifying that certain persons have the
125 burden of proof; requiring the office to approve an

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

151 revoke the reciprocal certificate of authority under
152 certain circumstances; specifying that the attorney in
153 fact is deemed to be hazardous to its policyholders if
154 the reciprocal insurer is subject to suspension or
155 revocation; authorizing the office to offer the
156 reciprocal insurer the ability to cure any suspension
157 or revocation under certain circumstances; providing
158 applicability; creating s. 629.227, F.S.; specifying
159 the information as to the background and identity of
160 certain persons which must be furnished by such
161 persons; creating s. 629.229, F.S.; prohibiting
162 certain persons from serving in specified positions of
163 reciprocal insurers or insurers under certain
164 circumstances; amending s. 629.261, F.S.; removing
165 provisions relating to certain authorizations for
166 reciprocal insurers; prohibiting reciprocal insurers
167 from issuing or renewing nonassessable policies or
168 converting assessable policies to nonassessable
169 policies under certain circumstances; providing
170 applicability; amending s. 629.291, F.S.; providing
171 that certain insurers that merge are governed by the
172 insurance code; prohibiting domestic stock insurers
173 from converting to reciprocal insurers; requiring that
174 specified plans be filed with the office and that such
175 plans contain certain information; authorizing the

176 conversion of assessable reciprocal insurers to
 177 nonassessable reciprocal insurers under certain
 178 circumstances; providing certain procedures when
 179 certain reciprocal insurers convert; authorizing
 180 reciprocal insurers to issue contingent liability
 181 policies in another state under certain circumstances;
 182 creating s. 629.525, F.S.; requiring the commission to
 183 adopt, amend, or repeal certain rules; amending ss.
 184 163.01 and 626.9531, F.S.; conforming provisions to
 185 changes made by the act; providing effective dates.

186

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

188

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

191 624.3161 Market conduct examinations.—

192 (1) As often as it deems necessary, the office shall
 193 examine each licensed rating organization, each advisory
 194 organization, each group, association, carrier, as defined in s.
 195 440.02, or other organization of insurers which engages in joint
 196 underwriting or joint reinsurance, the attorney in fact of each
 197 reciprocal insurer, and each authorized insurer transacting in
 198 this state any class of insurance to which ~~the provisions of~~
 199 chapter 627 is ~~are~~ applicable. The examination must ~~shall~~ be for
 200 the purpose of ascertaining compliance by the person examined

201 with the applicable provisions of chapters 440, 624, 626, 627,
 202 and 635.

203 Section 2. Paragraph (a) of subsection (10) of section
 204 624.424, Florida Statutes, is amended to read:

205 624.424 Annual statement and other information.—

206 (10) (a) By January 1, 2025, and each month thereafter,
 207 each insurer or insurer group doing business in this state shall
 208 file on a monthly ~~quarterly~~ basis ~~in conjunction with financial~~
 209 ~~reports required by paragraph (1) (a)~~ a supplemental report on an
 210 individual and group basis on a form prescribed by the
 211 commission with information on personal lines and commercial
 212 lines residential property insurance policies in this state. The
 213 supplemental report must ~~shall~~ include separate information for
 214 personal lines property policies and for commercial lines
 215 property policies and totals for each item specified, including
 216 premiums written for each of the property lines of business as
 217 described in ss. 215.555(2) (c) and 627.351(6) (a). The report
 218 must ~~shall~~ include the following information for each zip code
 219 ~~county on a monthly basis~~:

- 220 1. Total number of policies in force at the end of each
- 221 month.
- 222 2. Total number of policies canceled.
- 223 3. Total number of policies nonrenewed.
- 224 4. Number of policies canceled due to hurricane risk.
- 225 5. Number of policies nonrenewed due to hurricane risk.

- 226 6. Number of new policies written.
- 227 7. Total dollar value of structure exposure under policies
228 that include wind coverage.
- 229 8. Number of policies that exclude wind coverage.
- 230 9. Number of claims open each month.
- 231 10. Number of claims closed each month.
- 232 11. Number of claims pending each month.
- 233 12. Number of claims in which either the insurer or
234 insured invoked any form of alternative dispute resolution, and
235 specifying which form of alternative dispute resolution was
236 used.
- 237 Section 3. Section 624.4305, Florida Statutes, is amended
238 to read:
- 239 624.4305 Nonrenewal of residential property insurance
240 policies.—Any insurer planning to nonrenew more than 10,000
241 residential property insurance policies in this state within a
242 12-month period shall give notice in writing to the Office of
243 Insurance Regulation for informational purposes 90 days before
244 the issuance of any notices of nonrenewal. The notice provided
245 to the office must set forth the insurer's reasons for such
246 action, the effective dates of nonrenewal, and any arrangements
247 made for other insurers to offer coverage to affected
248 policyholders. The commission may adopt rules to administer this
249 section.
- 250 Section 4. Paragraph (a) of subsection (2) of section

251 624.462, Florida Statutes, is amended to read:

252 624.462 Commercial self-insurance funds.—

253 (2) As used in ss. 624.460-624.488, "commercial self-
 254 insurance fund" or "fund" means a group of members, operating
 255 individually and collectively through a trust or corporation,
 256 that must be:

257 (a) Established by:

258 1. A not-for-profit trade association, industry
 259 association, or professional association of employers or
 260 professionals which has a constitution or bylaws, which is
 261 incorporated under the laws of this state, and which has been
 262 organized for purposes other than that of obtaining or providing
 263 insurance and operated in good faith for a continuous period of
 264 1 year;

265 2. A self-insurance trust fund organized pursuant to s.
 266 627.357 and maintained in good faith for a continuous period of
 267 1 year for purposes other than that of obtaining or providing
 268 insurance pursuant to this section. Each member of a commercial
 269 self-insurance trust fund established pursuant to this
 270 subsection must maintain membership in the self-insurance trust
 271 fund organized pursuant to s. 627.357;

272 3. A group of 10 or more health care providers, as defined
 273 in s. 627.351(4)(h), for purposes of providing medical
 274 malpractice coverage; ~~or~~

275 4. A not-for-profit group comprised of one or more

276 community associations responsible for operating at least 50
277 residential parcels or units created and operating under chapter
278 718, chapter 719, chapter 720, chapter 721, or chapter 723 which
279 restricts its membership to community associations only and
280 which has been organized and maintained in good faith for the
281 purpose of pooling and spreading the liabilities of its group
282 members relating to property or casualty risk or surety
283 insurance which, in accordance with applicable provisions of
284 part I of chapter 626, appoints resident general lines agents
285 only, and which does not prevent, impede, or restrict any
286 applicant or fund participant from maintaining or selecting an
287 agent of choice. The fund may not refuse to appoint the agent of
288 record for any fund applicant or fund member and may not favor
289 one or more such appointed agents over other appointed agents;
290 or

291 5. A group of nursing home facilities licensed under part
292 II of chapter 400 or a group of assisted living facilities
293 licensed under part I of chapter 429, or a group of both such
294 facilities, provided that such group maintains at least \$10
295 million in annual imputed premiums. A nursing home that
296 participates in a group under this subsection must report its
297 insurance costs as part of the data collected under s. 408.061.

298 Section 5. Effective upon this act becoming a law,
299 paragraph (d) of subsection (1) of section 624.46226, Florida
300 Statutes, is amended to read:

301 624.46226 Public housing authorities self-insurance funds;
 302 exemption for taxation and assessments.—

303 (1) Notwithstanding any other provision of law, any two or
 304 more public housing authorities in the state as defined in
 305 chapter 421 may form a self-insurance fund for the purpose of
 306 pooling and spreading liabilities of its members as to any one
 307 or combination of casualty risk or real or personal property
 308 risk of every kind and every interest in such property against
 309 loss or damage from any hazard or cause and against any loss
 310 consequential to such loss or damage, provided the self-
 311 insurance fund that is created:

312 (d) Maintains a continuing program of excess insurance
 313 coverage and reinsurance ~~reserve evaluation~~ to protect the
 314 financial stability of the fund ~~in an amount and manner~~
 315 ~~determined by a qualified and independent actuary. The program~~
 316 must, at a minimum, ~~this program must:~~

317 1. Include a net retention in an amount and manner
 318 selected by the administrator, ratified by the governing body,
 319 and certified by a qualified actuary;

320 2. Include reinsurance or ~~Purchase~~ excess insurance from
 321 authorized insurance carriers or eligible surplus lines
 322 insurers; and

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

326 ~~2. Retain a per-loss occurrence that does not exceed~~
 327 ~~\$350,000.~~

328
 329 A for-profit or not-for-profit corporation, limited liability
 330 company, or other similar business entity in which a public
 331 housing authority holds an ownership interest or participates in
 332 its governance under s. 421.08(8) may join a self-insurance fund
 333 formed under this section in which such public housing authority
 334 participates. Such for-profit or not-for-profit corporation,
 335 limited liability company, or other similar business entity may
 336 join the self-insurance fund solely to insure risks related to
 337 public housing.

338 Section 6. Subsection (2) of section 626.9201, Florida
 339 Statutes, is amended, and subsection (1) of that section is
 340 republished, to read:

341 626.9201 Notice of cancellation or nonrenewal.—

342 (1) An insurer issuing a policy providing coverage for
 343 property, casualty, surety, or marine insurance must give the
 344 first named insured at least 45 days' advance written notice of
 345 nonrenewal. If the policy is not to be renewed, the written
 346 notice shall state the reasons as to why the policy is not to be
 347 renewed. This subsection does not apply:

348 (a) If the insurer has manifested its willingness to
 349 renew, and the offer is not rescinded prior to expiration of the
 350 policy; or

351 (b) If a notice of cancellation for nonpayment of premium
 352 is provided under subsection (2).

353 (2) An insurer issuing a policy providing coverage for
 354 property, casualty, surety, or marine insurance must give the
 355 named insured written notice of cancellation or termination
 356 other than nonrenewal at least 45 days before the effective date
 357 of the cancellation or termination, including in the written
 358 notice the reasons for the cancellation or termination, except
 359 that:

360 (a) If cancellation is for nonpayment of premium, at least
 361 10 days' written notice of cancellation accompanied by the
 362 reason for cancellation must be given. As used in this
 363 paragraph, the term "nonpayment of premium" means the failure of
 364 the named insured to discharge when due any of his or her
 365 obligations in connection with the payment of premiums on a
 366 policy or an installment of such a premium, whether the premium
 367 or installment is payable directly to the insurer or its agent
 368 or indirectly under any plan for financing premiums or extension
 369 of credit or the failure of the named insured to maintain
 370 membership in an organization if such membership is a condition
 371 precedent to insurance coverage. The term also includes the
 372 failure of a financial institution to honor the check of an
 373 applicant for insurance which was delivered to a licensed agent
 374 for payment of a premium, even if the agent previously delivered
 375 or transferred the premium to the insurer. If a correctly

376 dishonored check represents payment of the initial premium, the
 377 contract and all contractual obligations are void ab initio
 378 unless the nonpayment is cured within the earlier of 5 days
 379 after actual notice by certified mail is received by the
 380 applicant or 15 days after notice is sent to the applicant by
 381 certified mail or registered mail, and, if the contract is void,
 382 any premium received by the insurer from a third party must
 383 ~~shall~~ be refunded to that party in full; ~~and~~

384 (b) If cancellation or termination occurs during the first
 385 90 days during which the insurance is in force and if the
 386 insurance is canceled or terminated for reasons other than
 387 nonpayment, at least 20 days' written notice of cancellation or
 388 termination accompanied by the reason for cancellation or
 389 termination must be given, except if there has been a material
 390 misstatement or misrepresentation or failure to comply with the
 391 underwriting requirements established by the insurer; and-

392 (c)1. Upon a declaration of an emergency pursuant to s.
 393 252.36 and the filing of an order by the Commissioner of
 394 Insurance Regulation, an insurer may not cancel or nonrenew a
 395 personal residential or commercial residential property
 396 insurance policy covering a dwelling or residential property
 397 located in this state which has been damaged as a result of a
 398 hurricane or wind loss that is the subject of the declaration of
 399 emergency for 90 days after the dwelling or residential property
 400 has been repaired. A dwelling or residential property is deemed

401 to be repaired when substantially completed and restored to the
402 extent that the dwelling or residential property is insurable by
403 another insurer that is writing policies in this state.

404 2. An insurer or agent may cancel or nonrenew such a
405 policy before the repair of the dwelling or residential
406 property:

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

408 b. Upon 45 days' notice:

409 (I) For a material misstatement or fraud related to the
410 claim;

411 (II) If the insurer determines that the insured has
412 unreasonably caused a delay in the repair of the dwelling or
413 residential property;

414 (III) If the insurer or its agent has made a reasonable
415 written inquiry to the insured as to the status of the repair,
416 sent by certified mail, return receipt requested, and the
417 insured has failed within 30 calendar days to provide
418 information that is responsive to the inquiry to either the
419 address or e-mail account designated by the insurer or its
420 agent; or

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

422 3. If the insurer elects to nonrenew a policy covering a
423 dwelling or residential property that has been damaged, the
424 insurer must provide at least 90 days' notice to the insured
425 that the insurer intends to nonrenew the policy 90 days after

426 the property has been repaired.

427 4. This paragraph does not prevent the insurer from
 428 canceling or nonrenewing the policy 90 days after the repair is
 429 completed for the same reasons the insurer would otherwise have
 430 canceled or nonrenewed the policy but for the limitations
 431 imposed in subparagraph 1.

432 5. The commission may adopt rules, and the Commissioner of
 433 Insurance Regulation may issue orders, necessary to implement
 434 this paragraph.

435 Section 7. Paragraph (j) of subsection (2) of section
 436 627.062, Florida Statutes, is amended to read:

437 627.062 Rate standards.—

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

439 (j) With respect to residential property insurance rate
 440 filings, the rate filing:

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

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

447 If an averaged model is used under this section, the same
 448 averaged model must be used throughout this state. If a weighted
 449 average is used, the insurer must provide the office with an
 450 actuarial justification for using the weighted average which

451 shows that the weighted average results in a rate that is
 452 reasonable, adequate, and fair.

453
 454 The provisions of this subsection do not apply to workers'
 455 compensation, employer's liability insurance, and motor vehicle
 456 insurance.

457 Section 8. Paragraph (n) of subsection (6) of section
 458 627.351, Florida Statutes, is amended to read:

459 627.351 Insurance risk apportionment plans.—

460 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

461 (n)1. Rates for coverage provided by the corporation must
 462 be actuarially sound pursuant to s. 627.062 and not competitive
 463 with approved rates charged in the admitted voluntary market so
 464 that the corporation functions as a residual market mechanism to
 465 provide insurance only when insurance cannot be procured in the
 466 voluntary market, except as otherwise provided in this
 467 paragraph. The office shall provide the corporation such
 468 information as would be necessary to determine whether rates are
 469 competitive. The corporation shall file its recommended rates
 470 with the office at least annually. The corporation shall provide
 471 any additional information regarding the rates which the office
 472 requires. The office shall consider the recommendations of the
 473 board and issue a final order establishing the rates for the
 474 corporation within 45 days after the recommended rates are
 475 filed. The corporation may not pursue an administrative

476 challenge or judicial review of the final order of the office.

477 2. In addition to the rates otherwise determined pursuant
478 to this paragraph, the corporation shall impose and collect an
479 amount equal to the premium tax provided in s. 624.509 to
480 augment the financial resources of the corporation.

481 3. After the public hurricane loss-projection model under
482 s. 627.06281 has been found to be accurate and reliable by the
483 Florida Commission on Hurricane Loss Projection Methodology, the
484 model shall be considered when establishing the windstorm
485 portion of the corporation's rates. The corporation may use the
486 public model results in combination with the results of private
487 models to calculate rates for the windstorm portion of the
488 corporation's rates. This subparagraph does not require or allow
489 the corporation to adopt rates lower than the rates otherwise
490 required or allowed by this paragraph.

491 4. The corporation must make a recommended actuarially
492 sound rate filing for each personal and commercial line of
493 business it writes.

494 5. Notwithstanding the board's recommended rates and the
495 office's final order regarding the corporation's filed rates
496 under subparagraph 1., the corporation shall annually implement
497 a rate increase which, except for sinkhole coverage, does not
498 exceed the following for any single policy issued by the
499 corporation, excluding coverage changes and surcharges:

500 a. Twelve percent for 2023.

- 501 b. Thirteen percent for 2024.
- 502 c. Fourteen percent for 2025.
- 503 d. Fifteen percent for 2026 and all subsequent years.

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

507 7. The corporation's implementation of rates as prescribed
 508 in subparagraphs 5. and 8. shall cease for any line of business
 509 written by the corporation upon the corporation's implementation
 510 of actuarially sound rates. Thereafter, the corporation shall
 511 annually make a recommended actuarially sound rate filing that
 512 is not competitive with approved rates in the admitted voluntary
 513 market for each commercial and personal line of business the
 514 corporation writes.

515 8. ~~The following~~ New or renewal personal lines policies
 516 that do not cover a primary residence ~~written on or after~~
 517 ~~November 1, 2023,~~ are not subject to the rate increase
 518 limitations in subparagraph 5., but may not be charged more than
 519 50 percent above, nor less than, the prior year's established
 520 rate for the corporation.

- 521 a. ~~Policies that do not cover a primary residence;~~
- 522 b. ~~New policies under which the coverage for the insured~~
 523 ~~risk, before the date of application with the corporation, was~~
 524 ~~last provided by an insurer determined by the office to be~~
 525 ~~unsound or an insurer placed in receivership under chapter 631;~~

526 ~~or~~

527 ~~e. Subsequent renewals of those policies, including the~~
 528 ~~new policies in sub-subparagraph b., under which the coverage~~
 529 ~~for the insured risk, before the date of application with the~~
 530 ~~corporation, was last provided by an insurer determined by the~~
 531 ~~office to be unsound or an insurer placed in receivership under~~
 532 ~~chapter 631.~~

533 9. As used in this paragraph, the term "primary residence"
 534 means the dwelling that is the policyholder's primary home or is
 535 a rental property that is the primary home of the tenant, and
 536 which the policyholder or tenant occupies for more than 9 months
 537 of each year.

538 Section 9. Paragraph (a) of subsection (5) of section
 539 627.7011, Florida Statutes, is amended to read:

540 627.7011 Homeowners' policies; offer of replacement cost
 541 coverage and law and ordinance coverage.—

542 (5)(a) As used in this subsection, the term "authorized
 543 inspector" means an inspector who is approved by the insurer and
 544 who is:

- 545 1. A home inspector licensed under s. 468.8314;
- 546 2. A building code inspector certified under s. 468.607;
- 547 3. A general, building, or residential contractor licensed
 548 under s. 489.111 or a roofing contractor;
- 549 4. A professional engineer licensed under s. 471.015;
- 550 5. A professional architect licensed under s. 481.213; or

551 6. Any other individual or entity recognized by the
 552 insurer as possessing the necessary qualifications to properly
 553 complete a general inspection of a residential structure insured
 554 with a homeowner's insurance policy.

555 Section 10. Section 628.011, Florida Statutes, is amended
 556 to read:

557 628.011 Scope of part.—This part applies only to domestic
 558 ~~stock~~ insurers, mutual insurers, and captive insurers, except
 559 that s. 628.341(2) applies also as to foreign and alien
 560 insurers.

561 Section 11. Section 628.061, Florida Statutes, is amended
 562 to read:

563 628.061 Investigation of proposed organization.—In
 564 connection with any proposal to organize or incorporate a
 565 domestic insurer, the office shall make an investigation of:

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

569 (2) The character, financial responsibility, insurance
 570 experience, and business qualifications of its proposed
 571 officers, members of its subscribers' advisory committee, or
 572 officers of its attorney in fact.

573 (3) The character, financial responsibility, business
 574 experience, and standing of the proposed stockholders and
 575 directors, including the stockholders and directors of any

576 attorney in fact.

577 Section 12. Subsections (1), (2), and (5) of section
578 628.801, Florida Statutes, are amended to read:

579 628.801 Insurance holding companies; registration;
580 regulation.—

581 (1) An insurer that is authorized to do business in this
582 state and that is a member of an insurance holding company
583 shall, on or before April 1 of each year, register with the
584 office and file a registration statement and be subject to
585 regulation with respect to its relationship to the holding
586 company as provided by law or rule. The commission shall adopt
587 rules establishing the information and statement form required
588 for registration and the manner in which registered insurers and
589 their affiliates are regulated. The rules apply to domestic
590 insurers, foreign insurers, and commercially domiciled insurers,
591 except for foreign insurers domiciled in states that are
592 currently accredited by the NAIC. Except to the extent of any
593 conflict with this code, the rules must include all requirements
594 and standards of the Insurance Holding Company System Model
595 Regulation and ss. 4 and 5 of the Insurance Holding Company
596 System Regulatory Act ~~and the Insurance Holding Company System~~
597 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
598 The commission may adopt subsequent amendments thereto if the
599 methodology remains substantially consistent. The rules may
600 include a prohibition on oral contracts between affiliated

601 entities. Material transactions between an insurer and its
602 affiliates must ~~shall~~ be filed with the office as provided by
603 rule.

604 (2) ~~Effective January 1, 2015,~~ The ultimate controlling
605 person of every insurer subject to registration shall also file
606 an annual enterprise risk report on or before April 1. As used
607 in this subsection, the term "ultimate controlling person" means
608 a person who is not controlled by any other person. The report
609 must, to the best of the ultimate controlling person's knowledge
610 and belief, ~~must~~ identify the material risks within the
611 insurance holding company system that could pose enterprise risk
612 to the insurer. The report must ~~shall~~ be filed with the lead
613 state office of the insurance holding company system as
614 determined by the procedures within the Financial Analysis
615 Handbook adopted by the NAIC and is confidential and exempt from
616 public disclosure as provided in s. 624.4212.

617 (a) An insurer may satisfy this requirement by providing
618 the office with the most recently filed parent corporation
619 reports that have been filed with the Securities and Exchange
620 Commission which provide the appropriate enterprise risk
621 information.

622 (b) The term "enterprise risk" means an activity,
623 circumstance, event, or series of events involving one or more
624 affiliates of an insurer which, if not remedied promptly, are
625 likely to have a materially adverse effect upon the financial

626 condition or liquidity of the insurer or its insurance holding
 627 company system as a whole, including anything that would cause
 628 the insurer's risk-based capital to fall into company action
 629 level as set forth in s. 624.4085 or would cause the insurer to
 630 be in a hazardous financial condition.

631 (c) The office may adopt rules for filing the annual
 632 enterprise risk report in accordance with the Insurance Holding
 633 Company System Regulatory Act and the Insurance Holding Company
 634 System Model Regulation of the NAIC, as adopted in December
 635 2020.

636 (5) ~~Effective January 1, 2015,~~ The failure to file a
 637 registration statement, or a summary of the registration
 638 statement, or the enterprise risk filing report required by this
 639 section within the time specified for filing is a violation of
 640 this section.

641 Section 13. Section 629.011, Florida Statutes, is amended
 642 to read:

643 629.011 Definitions "Reciprocal insurance" defined.-As
 644 used in this part, the term:

645 (1) "Affiliated person" of another person means any of the
 646 following:

647 (a) The spouse of the other person.

648 (b)1. The parents of the other person or their lineal
 649 descendants.

650 2. The parents of the other person's spouse or their

651 lineal descendants.

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

655 (d) A person who directly or indirectly owns 10 percent or
656 more of the outstanding voting securities that are directly or
657 indirectly owned or controlled, or held with the power to vote,
658 by the other person.

659 (e) A person or group of persons who directly or
660 indirectly control, are controlled by, or are under common
661 control with the other person.

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

666 (g) If the other person is an investment company, any
667 investment adviser of such company or any member of an advisory
668 board of such company.

669 (h) If the other person is an unincorporated investment
670 company not having a board of directors, the depositor of such
671 company.

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

675 1. Securities of an attorney in fact or controlling

676 company that is a stock corporation; or

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

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

682 (3) "Controlling company" means a person, corporation,
 683 trust, limited liability company, association, or other entity
 684 owning, directly or indirectly, 10 percent or more of the voting
 685 securities of one or more attorneys in fact that are stock
 686 corporations, or 10 percent or more of the ownership interest of
 687 one or more attorneys in fact that are not stock corporations.

688 (4) "Reciprocal insurance" means ~~is that resulting from~~ an
 689 interexchange among persons, known as "subscribers," of
 690 reciprocal agreements of indemnity, the interexchange being
 691 effectuated through an "attorney in fact" common to all such
 692 persons.

693 (5) "Reciprocal insurer" means an unincorporated
 694 aggregation of subscribers operating individually and
 695 collectively through an attorney in fact to provide reciprocal
 696 insurance among themselves.

697 Section 14. Section 629.021, Florida Statutes, is
 698 repealed.

699 Section 15. Section 629.061, Florida Statutes, is
 700 repealed.

701 Section 16. Section 629.081, Florida Statutes, is amended
 702 to read:

703 629.081 Organization of reciprocal insurer.—

704 (1) Twenty-five or more persons domiciled in this state
 705 may organize a domestic reciprocal insurer by applying and make
 706 application to the office for a permit to do so. A domestic
 707 reciprocal insurer may not be formed unless the persons so
 708 proposing have first received a permit from the office a
 709 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 and 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 proposed power of
728 attorney.†

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

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

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

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

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

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

749 ~~(j) A statement that each of the original subscribers has~~
750 ~~in good faith applied for insurance of a kind proposed to be~~

751 ~~transacted, and that the insurer has received from each such~~
752 ~~subscriber the full premium or premium deposit required for the~~
753 ~~policy applied for, for a term of not less than 6 months at an~~
754 ~~adequate rate theretofore filed with and approved by the office;~~

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

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

760 (1) Any other pertinent information and documents as
761 reasonably requested by the office.

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

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

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

770 Section 17. Section 629.091, Florida Statutes, is amended
771 to read:

772 629.091 Reciprocal certificate of authority.—

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

775 (2) To apply for a certificate of authority as a domestic

776 reciprocal insurer, the attorney in fact of an applicant who has
777 previously received a permit from the office may file an
778 application for a certificate of authority in accordance with
779 forms prescribed by the commission which, in addition to
780 applicable requirements of ss. 624.404, 624.411, 624.413, and
781 other relevant statutes, consists of all of the following:

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

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

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

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

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

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

801 (3) If the reciprocal insurer intends to issue
 802 nonassessable policies upon receipt of a certificate of
 803 authority and if the office determines that the reciprocal
 804 insurer meets the legal requirements to issue nonassessable
 805 policies, including the surplus requirements, the office shall
 806 grant the authorization to issue nonassessable policies.

807 (4) The certificate of authority ~~must~~ of a reciprocal
 808 insurer ~~shall~~ be issued to its attorney in the name of the
 809 reciprocal insurer to its attorney in fact.

810 Section 18. Section 629.094, Florida Statutes, is created
 811 to read:

812 629.094 Continued eligibility for certificate of
 813 authority.-In order to maintain its eligibility for a
 814 certificate of authority, a domestic reciprocal insurer must
 815 continue to meet all applicable conditions required for
 816 receiving the initial permit and certificate of authority under
 817 the insurance code and the rules adopted thereunder.

818 Section 19. Section 629.101, Florida Statutes, is amended
 819 to read:

820 629.101 Power of attorney.-

821 (1) The rights and powers of the attorney in fact of a
 822 reciprocal insurer are ~~shall be~~ as provided in the power of
 823 attorney given it by the subscribers.

824 (2) The power of attorney must set forth all of the
 825 following:

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

827 (b) That the attorney in fact is empowered to accept
828 service of process on behalf of the insurer in actions against
829 the insurer upon contracts exchanged.

830 (c) The place where the office of the attorney in fact is
831 maintained.†

832 (d)-(e) The general services to be performed by the
833 attorney in fact.†

834 (e) That the attorney in fact has a fiduciary duty to the
835 subscribers of the reciprocal insurer.

836 (f)-(d) The maximum amount to be deducted from advance
837 premiums or deposits to be paid to the attorney in fact and the
838 general items of expense in addition to losses, to be paid by
839 the insurer.†~~and~~

840 (g)-(e) Except as to nonassessable policies, a provision
841 for a contingent several liability of each subscriber in a
842 specified amount, which amount may ~~shall be~~ not be less than 5
843 nor more than 10 times the premium or premium deposit stated in
844 the policy.

845 (3) The power of attorney may:

846 (a) Provide for the right of substitution of the attorney
847 in fact and revocation of the power of attorney and rights
848 thereunder.†

849 (b) Impose such restrictions upon the exercise of the
850 power as are agreed upon by the subscribers.†

851 (c) Provide for the exercise of any right reserved to the
 852 subscribers directly or through their advisory committee ~~;~~ and

853 ~~(4)-(d)~~ The power of attorney must contain other lawful
 854 provisions deemed advisable.

855 ~~(5)-(4)~~ The terms of any power of attorney or agreement
 856 collateral thereto must ~~shall~~ be reasonable and equitable, and
 857 ~~no~~ such power or agreement may not ~~shall~~ be used or be effective
 858 in this state unless filed with the office.

859 Section 20. Section 629.225, Florida Statutes, is created
 860 to read:

861 629.225 Acquisitions.-

862 (1) A person may not, individually or in conjunction with
 863 an affiliated person of such person, directly or indirectly,
 864 conclude a tender offer or exchange offer for, enter into any
 865 agreement to exchange securities for, or otherwise finally
 866 acquire 10 percent or more of the outstanding voting securities
 867 of an attorney in fact that is a stock corporation or of a
 868 controlling company of an attorney in fact that is a stock
 869 corporation; or conclude an acquisition of, or otherwise finally
 870 acquire, 10 percent or more of the ownership interest of an
 871 attorney in fact that is not a stock corporation or of a
 872 controlling company of an attorney in fact that is not a stock
 873 corporation, unless all of the following conditions are met:

874 (a)1. The person or affiliated person has filed with the
 875 office and sent to the principal office of the attorney in fact,

876 any controlling company of the attorney in fact, the
877 subscribers' advisory committee, and the domestic reciprocal
878 insurer a letter of notification regarding the transaction or
879 proposed transaction no later than 5 days after any form of
880 tender offer or exchange offer is proposed, or no later than 5
881 days after the acquisition of the securities or ownership
882 interest if a tender offer or exchange offer is not involved.
883 The notification must be provided on forms prescribed by the
884 commission containing information determined necessary to
885 understand the transaction and identify all purchasers and
886 owners involved.

887 2. The subscribers' advisory committee must provide the
888 notification to the subscribers of the reciprocal insurer within
889 3 business days. Such notification must be provided on a form
890 prescribed by the commission explaining what the notification is
891 and letting the subscribers know of the filing deadlines for
892 objecting to the acquisition.

893 (b) The person or affiliated person has filed with the
894 office an application, signed under oath and prepared on forms
895 prescribed by the commission, which contains the information
896 specified in subsection (3). The application must be completed
897 and filed within 30 days after any form of tender offer or
898 exchange offer is proposed, or after the acquisition of the
899 securities if a tender offer or exchange offer is not involved.

900 (c) The office has approved the tender offer or exchange

901 offer, or acquisition if a tender offer or exchange offer is not
902 involved.

903 (2) The person or affiliated person filing the notice
904 required in paragraph (1) (a) may additionally request the office
905 to waive the requirements of paragraph (1) (b), provided that
906 there is no change in the ultimate controlling shareholders and
907 no change in the ownership percentages of the ultimate
908 controlling shareholders, and no unaffiliated parties acquire
909 any direct or indirect interest in the attorney in fact. The
910 office may waive the filing required in paragraph (1) (b) if it
911 determines that in fact there is no change in the ultimate
912 controlling shareholders and no change in the ownership
913 percentages of the ultimate controlling shareholders, and no
914 unaffiliated parties will acquire any direct or indirect
915 interest in the attorney in fact.

916 (3) The application to be filed with the office and
917 furnished to the attorney in fact must contain all of the
918 following information and any additional information as the
919 office deems necessary to determine the character, experience,
920 ability, and other qualifications of the person or affiliated
921 person of such person for the protection of the reciprocal
922 insurer's subscribers and of the public:

923 (a) The identity and background information specified in
924 s. 629.227 of:

925 1. Each person by whom, or on whose behalf, the

926 acquisition is to be made; and

927 2. Any person who controls, directly or indirectly, such
928 other person, including each director, officer, trustee,
929 partner, owner, manager, or joint venturer, or another person
930 performing duties similar to those of persons in such positions,
931 for the person.

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

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

939 (d) The nature and the extent of the controlling interest
940 which the person or affiliated person of such person proposes to
941 acquire, the terms of the proposed acquisition, and the manner
942 in which the controlling interest is to be acquired of an
943 attorney in fact or controlling company which is not a stock
944 corporation.

945 (e) The number of shares or other securities that the
946 person or affiliated person of such person proposes to acquire,
947 the terms of the proposed acquisition, and the manner in which
948 the securities are to be acquired.

949 (f) Information as to any contract, arrangement, or
950 understanding with any party with respect to any of the

951 securities of the attorney in fact or controlling company,
952 including, but not limited to, information relating to the
953 transfer of any of the securities, option arrangements, puts or
954 calls, or the giving or withholding of proxies, which
955 information names the party with whom the contract, arrangement,
956 or understanding has been entered into and gives the details
957 thereof.

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

960 (5) If any material change occurs in the facts provided in
961 the application filed with the office pursuant to this section,
962 or the background information required under s. 629.227, an
963 amendment specifying such changes must be filed immediately with
964 the office, and a copy of the amendment must be sent to the
965 principal office of the attorney in fact and to the principal
966 office of the controlling company.

967 (6)(a) The acquisition application must be reviewed in
968 accordance with chapter 120. The office may, on its own
969 initiative, or, if requested to do so in writing by a
970 substantially affected person, shall conduct a proceeding to
971 consider the appropriateness of the proposed filing. Time
972 periods for purposes of chapter 120 are tolled during the
973 pendency of the proceeding. Any written request for a proceeding
974 must be filed with the office within 10 days after the date on
975 which notice of the filing is given, or 10 days after the date

976 on which notice of the filing is sent to the subscribers by the
977 subscribers' advisory committee, whichever is later. During the
978 pendency of the proceeding or review period by the office, any
979 person or affiliated person complying with the filing
980 requirements of this section may proceed and take all steps
981 necessary to conclude the acquisition as long as the
982 acquisition's becoming final is conditioned upon obtaining
983 office approval. However, at any time that the office finds that
984 an immediate danger to the public health, safety, and welfare of
985 the reciprocal insurer's subscribers exists, the office shall
986 immediately order, pursuant to s. 120.569(2)(n), the proposed
987 acquisition disapproved and any further steps to conclude the
988 acquisition ceased.

989 (b) During the pendency of the office's review of any
990 acquisition subject to this section, the acquiring person may
991 not make any material change in the operation of the attorney in
992 fact or controlling company unless the office has specifically
993 approved the change, and the acquiring person may not make any
994 material change in the management of the attorney in fact unless
995 advance written notice of the change in management is furnished
996 to the office. As used in this paragraph, the term "material
997 change in the operation of the attorney in fact" means a
998 transaction that disposes of or obligates 5 percent or more of
999 the capital and surplus of the attorney in fact or of any
1000 domestic reciprocal insurer. The term "material change in the

1001 management of the attorney in fact" means any change in
1002 management involving officers or directors of the attorney in
1003 fact or any person of the attorney in fact or controlling
1004 company having authority to dispose of or obligate 5 percent or
1005 more of the attorney in fact's capital or surplus. The office
1006 must approve a material change in operations if it finds the
1007 applicable provisions of subsection (7) have been met. The
1008 office may disapprove a material change in management if it
1009 finds that the applicable provisions of subsection (7) have not
1010 been met, and, in such case, the attorney in fact shall promptly
1011 change management as acceptable to the office.

1012 (c) If a request for a proceeding is filed, the proceeding
1013 must be conducted within 60 days after the date the written
1014 request for a proceeding is received by the office. A
1015 recommended order must be issued within 20 days after the date
1016 of the close of the proceedings. A final order must be issued
1017 within 20 days after the date of the recommended order or, if
1018 exceptions to the recommended order are filed, within 20 days
1019 after the date the exceptions are filed.

1020 (7) The office may disapprove any acquisition subject to
1021 this section by any person, or any affiliated person of such
1022 person, who:

1023 (a) Willfully violates this section;

1024 (b) In violation of an order issued by the office pursuant
1025 to subsection (12), fails to divest himself or herself of any

1026 stock or ownership interest obtained in violation of this
1027 section or fails to divest himself or herself of any direct or
1028 indirect control of such stock or ownership interest, within 25
1029 days after such order; or

1030 (c) In violation of an order issued by the office pursuant
1031 to subsection (12), acquires an additional stock or ownership
1032 interest in an attorney in fact or controlling company or direct
1033 or indirect control of such stock or ownership interest, without
1034 complying with this section.

1035 (8) The person filing the application required by this
1036 section has the burden of proof. The office must approve any
1037 such acquisition if it finds, on the basis of the record made
1038 during any proceeding or on the basis of the filed application
1039 if no proceeding is conducted, that:

1040 (a) The financial condition of the acquiring person will
1041 not jeopardize the financial stability of the attorney in fact
1042 or prejudice the interests of the reciprocal insurer's
1043 subscribers or the public.

1044 (b) Any plan or proposal that the acquiring person has
1045 made:

1046 1. To liquidate the attorney in fact, sell its assets, or
1047 merge or consolidate it with any person, or to make any other
1048 major change in its business or corporate structure or
1049 management; or

1050 2. To liquidate any controlling company, sell its assets,

1051 or merge or consolidate it with any person, or to make any major
1052 change in its business or corporate structure or management
1053 which would have an effect upon the attorney in fact,

1054
1055 is fair and free of prejudice to the reciprocal insurer's
1056 subscribers or to the public.

1057 (c) The competence, experience, and integrity of those
1058 persons who will control directly or indirectly the operation of
1059 the attorney in fact indicate that the acquisition is in the
1060 best interest of the reciprocal insurer's subscribers and in the
1061 public interest.

1062 (d) The natural persons for whom background information is
1063 required to be furnished pursuant to this section have such
1064 backgrounds as to indicate that it is in the best interests of
1065 the reciprocal insurer's subscribers and in the public interest
1066 to permit such persons to exercise control over the attorney in
1067 fact.

1068 (e) The directors and officers, if such attorney in fact
1069 or controlling company is a stock corporation, or the trustees,
1070 partners, owners, managers, joint venturers, or other persons
1071 performing duties similar to those of persons in such positions,
1072 if such attorney in fact or controlling company is not a stock
1073 corporation, to be employed after the acquisition have
1074 sufficient insurance experience and ability to ensure reasonable
1075 promise of successful operation.

1076 (f) The management of the attorney in fact after the
1077 acquisition will be competent and trustworthy and will possess
1078 sufficient managerial experience so as to make the proposed
1079 operation of the attorney in fact not hazardous to the
1080 insurance-buying public.

1081 (g) The management of the attorney in fact after the
1082 acquisition will not include any person who has directly or
1083 indirectly through ownership, control, reinsurance transactions,
1084 or other insurance or business relations unlawfully manipulated
1085 the assets, accounts, finances, or books of any insurer or
1086 otherwise acted in bad faith with respect thereto.

1087 (h) The acquisition is not likely to be hazardous or
1088 prejudicial to the reciprocal insurer's subscribers or to the
1089 public.

1090 (i) The effect of the acquisition would not substantially
1091 lessen competition in the line of insurance for which the
1092 reciprocal insurer is licensed or certified in this state or
1093 would not tend to create a monopoly therein.

1094 (9) A vote by the stockholder of record, or by any other
1095 person, of any security acquired in contravention of this
1096 section is not valid. Any acquisition contrary to this section
1097 is void. Upon the petition of the attorney in fact, the
1098 controlling company, or the reciprocal insurer, the circuit
1099 court for the county in which the principal office of the
1100 attorney in fact is located may, without limiting the generality

1101 of its authority, order the issuance or entry of an injunction
1102 or other order to enforce this section. There is a private right
1103 of action in favor of the attorney in fact or controlling
1104 company to enforce this section. A demand upon the office that
1105 it perform its functions is not required as a prerequisite to
1106 any suit by the attorney in fact or controlling company against
1107 another person, and in no case is the office deemed a necessary
1108 party to any action by the attorney in fact or controlling
1109 company to enforce this section. Any person who makes or
1110 proposes an acquisition requiring the filing of an application
1111 pursuant to this section, or who files such an application, is
1112 deemed thereby to have designated the Chief Financial Officer,
1113 or his or her assistant or deputy or another person in charge of
1114 his or her office, as such person's agent for service of process
1115 under this section and is deemed thereby to have submitted
1116 himself or herself to the administrative jurisdiction of the
1117 office and to the jurisdiction of the circuit court.

1118 (10) Any approval by the office under this section does
1119 not constitute a recommendation by the office of the tender
1120 offer or exchange offer, or the acquisition if a tender offer or
1121 exchange offer is not involved. It is unlawful for a person to
1122 represent that the office's approval constitutes a
1123 recommendation. A person who violates this subsection commits a
1124 felony of the third degree, punishable as provided in s.
1125 775.082, s. 775.083, or s. 775.084. The statute-of-limitations

1126 period for the prosecution of an offense committed under this
1127 subsection is 5 years.

1128 (11) A person may rebut a presumption of control by filing
1129 a disclaimer of control with the office on a form prescribed by
1130 the commission. The disclaimer must fully disclose all material
1131 relationships and bases for affiliation between the person and
1132 the attorney in fact as well as the basis for disclaiming the
1133 affiliation. In lieu of such form, a person or acquiring party
1134 may file with the office a copy of a Schedule 13G filed with the
1135 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
1136 (c), 17 C.F.R. s. 240.13d-1, under the Securities Exchange Act
1137 of 1934, as amended. After a disclaimer has been filed, the
1138 attorney in fact is relieved of any duty to register or report
1139 under this section which may arise out of the attorney in fact's
1140 relationship with the person unless the office disallows the
1141 disclaimer.

1142 (12) If the office determines that any person or any
1143 affiliated person of such person has acquired 10 percent or more
1144 of the outstanding voting securities of an attorney in fact or
1145 controlling company that is a stock corporation, or 10 percent
1146 or more of the ownership interest of an attorney in fact or
1147 controlling company that is not a stock corporation, without
1148 complying with this section, the office may order that the
1149 person and any affiliated person of such person cease
1150 acquisition of the attorney in fact or controlling company and,

1151 if appropriate, divest itself of any stock or ownership interest
1152 acquired in violation of this section.

1153 (13) (a) The office shall, if necessary to protect the
1154 public interest, suspend or revoke the certificate of authority
1155 of the reciprocal insurer whose attorney in fact or controlling
1156 company is acquired in violation of this section.

1157 (b) If a reciprocal insurer is subject to suspension or
1158 revocation pursuant to paragraph (a), any other reciprocal
1159 insurer using the same attorney in fact is also subject to
1160 suspension or revocation. In such case, the office may offer any
1161 affected reciprocal insurer, through its subscriber
1162 representatives, the ability to cure any suspension or
1163 revocation by procuring another attorney in fact acceptable to
1164 the office or by taking any other action agreed to by the
1165 office.

1166 (14) This section applies to domestic reciprocal insurers
1167 and the attorney in fact of domestic reciprocal insurers. This
1168 section does not apply to any acquisition of voting securities
1169 or ownership interest of an attorney in fact or of a controlling
1170 company by any person who is the owner of a majority of the
1171 voting securities or ownership interest with the approval of the
1172 office under this section or s. 629.091.

1173 Section 21. Section 629.227, Florida Statutes, is created
1174 to read:

1175 629.227 Background information.—The information as to the

1176 background and identity of each person about whom information is
1177 required to be furnished pursuant to s. 629.081 or s. 629.225
1178 must include, but need not be limited to, all of the following:

1179 (1) A sworn biographical statement, on forms adopted by
1180 the commission, which must include, but need not be limited to,
1181 the following information:

1182 (a) Occupations, positions of employment, and offices held
1183 during the past 20 years, including the principal business and
1184 address of any business, corporation, or organization where each
1185 occupation, position of employment, or office occurred.

1186 (b) Whether, at any time during such 20-year period, the
1187 person was convicted of any crime other than a traffic
1188 violation.

1189 (c) Whether, during such 20-year period, the person has
1190 been the subject of any proceeding for the revocation of any
1191 license and, if so, the nature of the proceeding and the
1192 disposition of the proceeding.

1193 (d) Whether, during such 20-year period, the person has
1194 been the subject of any proceeding under the federal Bankruptcy
1195 Act.

1196 (e) Whether, during such 20-year period, any person or
1197 other business or organization in which the person was a
1198 director, officer, trustee, partner, owner, manager, or other
1199 official has been the subject of any proceeding under the
1200 federal Bankruptcy Act, either during the time of that person's

1201 tenure with the business or organization or within 12 months
 1202 thereafter.

1203 (f) Whether, during such 20-year period, the person has
 1204 been enjoined, either temporarily or permanently, by a court of
 1205 competent jurisdiction from violating any federal or state law
 1206 regulating the business of insurance, securities, or banking, or
 1207 from carrying out any particular practice or practices in the
 1208 course of the business of insurance, securities, or banking,
 1209 together with details as to any such event.

1210 (g) Whether, during such 20-year period, the person has
 1211 served as the attorney in fact, a subscribers' advisory
 1212 committee member, or any other manager or officer of a
 1213 reciprocal insurer or insurer that became insolvent or had its
 1214 certificate of authority suspended or revoked.

1215 (2) A full set of fingerprints of each person, which must
 1216 be submitted to the department or to a vendor, entity, or agency
 1217 authorized by s. 943.053(13). The department, vendor, entity, or
 1218 agency shall forward the fingerprints to the Department of Law
 1219 Enforcement for state processing, and the Department of Law
 1220 Enforcement shall forward the fingerprints to the Federal Bureau
 1221 of Investigation for national processing as described in s.
 1222 624.34. Fees for state and federal fingerprint processing shall
 1223 be borne by the person. The state cost for fingerprint
 1224 processing shall be as provided in s. 943.053(3)(e).

1225 (3) An authorization for release of information in regard

1226 to the investigation of such person's background.

1227 (4) Any additional information that the office deems
 1228 necessary to determine the character, experience, ability, and
 1229 other qualifications of the person, or affiliated person of such
 1230 person, for the protection of the reciprocal insurer's
 1231 subscribers and of the public.

1232 Section 22. Section 629.229, Florida Statutes, is created
 1233 to read:

1234 629.229 Attorneys in fact, officers, and directors of
 1235 insolvent reciprocal insurers or other insurers.—A person who
 1236 served as an attorney in fact, or as an officer, director, or
 1237 manager of an attorney in fact, a member of a subscribers'
 1238 advisory committee of a reciprocal insurer doing business in
 1239 this state, or an officer or director of any other insurer doing
 1240 business in this state, and who served in that capacity within
 1241 the 2-year period before the date the insurer or reciprocal
 1242 insurer became insolvent, for an insolvency that occurs on or
 1243 after July 1, 2024, may not thereafter:

1244 (1) Serve as an attorney in fact, or as an officer,
 1245 director, or manager of an attorney in fact; a member of a
 1246 subscribers' advisory committee of a reciprocal insurer doing
 1247 business in this state; or an officer or director of any other
 1248 insurer doing business in this state; or

1249 (2) Have direct or indirect control over the selection or
 1250 appointment of an attorney in fact, or of an officer, director,

1251 or manager of an attorney in fact; or a member of the
 1252 subscribers' advisory committee of a reciprocal insurer doing
 1253 business in this state; or an officer or director of any insurer
 1254 doing business in this state, through contract or trust or by
 1255 operation of law,

1256
 1257 unless the person demonstrates that his or her personal actions
 1258 or omissions were not a significant contributing cause to the
 1259 insolvency.

1260 Section 23. Section 629.261, Florida Statutes, is amended
 1261 to read:

1262 629.261 Nonassessable policies.—Upon the impairment of the
 1263 surplus of a nonassessable reciprocal insurer, the office shall
 1264 revoke the authorization issued under s. 629.091(3) or s.
 1265 629.291(5). Upon the revocation of the authority to issue
 1266 nonassessable policies, the reciprocal insurer may no longer
 1267 issue or renew nonassessable policies or convert assessable
 1268 policies to nonassessable policies and s. 629.301 applies.

1269 ~~(1) If a reciprocal insurer has a surplus as to~~
 1270 ~~policyholders required of a domestic stock insurer authorized to~~
 1271 ~~transact like kinds of insurance, upon application of the~~
 1272 ~~attorney and as approved by the subscribers' advisory committee~~
 1273 ~~the office shall issue its certificate authorizing the insurer~~
 1274 ~~to extinguish the contingent liability of subscribers under its~~
 1275 ~~policies then in force in this state and to omit provisions~~

1276 ~~imposing contingent liability in all policies delivered or~~
1277 ~~issued for delivery in this state for so long as all such~~
1278 ~~surplus remains unimpaired.~~

1279 ~~(2) Upon impairment of such surplus, the office shall~~
1280 ~~forthwith revoke the certificate. Such revocation may shall not~~
1281 render subject to contingent liability any policy then in force
1282 and for the remainder of the period for which the premium has
1283 theretofore been paid; but, after such revocation, no policy
1284 shall be issued or renewed without providing for contingent
1285 assessment liability of the subscriber.

1286 ~~(3) The office shall not authorize a domestic reciprocal~~
1287 ~~insurer so to extinguish the contingent liability of any of its~~
1288 ~~subscribers or in any of its policies to be issued, unless it~~
1289 ~~qualifies to and does extinguish such liability of all its~~
1290 ~~subscribers and in all such policies for all kinds of insurance~~
1291 ~~transacted by it; except that, if required by the laws of~~
1292 ~~another state in which the insurer is transacting insurance as~~
1293 ~~an authorized insurer, the insurer may issue policies providing~~
1294 ~~for the contingent liability of such of its subscribers as may~~
1295 ~~acquire such policies in such state, and need not extinguish the~~
1296 ~~contingent liability applicable to policies theretofore in force~~
1297 ~~in such state.~~

1298 Section 24. Subsections (1), (2), and (4) of section
1299 629.291, Florida Statutes, are amended, and subsection (5) is
1300 added to that section, to read:

1301 629.291 Merger or conversion.—

1302 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote
 1303 of not less than two-thirds of its subscribers who vote on such
 1304 merger pursuant to due notice, and subject to the approval by ~~of~~
 1305 the office of the terms therefor, may merge with another
 1306 reciprocal insurer or be converted to a stock or mutual insurer,
 1307 to be thereafter governed by the applicable sections of the
 1308 Florida Insurance Code. However, a domestic stock insurer may
 1309 not convert to a reciprocal insurer.

1310 (2) A plan to merge a reciprocal insurer with another
 1311 reciprocal insurer or for conversion of the reciprocal insurer
 1312 to a stock or mutual insurer must be filed with the office on
 1313 forms adopted by the office and must contain such information as
 1314 the office reasonably requires to evaluate the transaction ~~Such~~
 1315 ~~a stock or mutual insurer shall be subject to the same capital-~~
 1316 ~~or surplus requirements and shall have the same rights as a like~~
 1317 ~~domestic insurer transacting like kinds of insurance.~~

1318 (4) Reinsurance of all or substantially all of the
 1319 insurance in force of a domestic reciprocal insurer in another
 1320 insurer is ~~shall be~~ deemed to be a merger for the purposes of
 1321 this section.

1322 (5) (a) An assessable reciprocal insurer may convert to a
 1323 nonassessable reciprocal insurer if:

1324 1. The subscribers' advisory committee approves the
 1325 conversion;

1326 2. The attorney in fact submits the application for
 1327 conversion on the required application form; and

1328 3. The office finds that the application for conversion
 1329 meets the minimum statutory requirements.

1330 (b) If the office approves the application for conversion,
 1331 the assessable reciprocal insurer may convert to a nonassessable
 1332 reciprocal insurer by:

1333 1. Extinguishing the contingent liability of subscribers
 1334 under all policies then in force in this state;

1335 2. Omitting contingent liability provisions in all
 1336 policies delivered or issued in this state after the conversion;
 1337 and

1338 3. Otherwise extinguishing the contingent liability of all
 1339 of its subscribers. However, if the reciprocal insurer is
 1340 transacting insurance as an authorized insurer in another state
 1341 and that state's laws require the insurer to issue policies with
 1342 contingent liability provisions, the insurer may issue
 1343 contingent liability policies in that other state.

1344 Section 25. 629.525, Florida Statutes, is created to read:
 1345 629.525 Rulemaking authority.—The commission shall adopt,
 1346 amend, or repeal rules pursuant to chapter 120 which are
 1347 necessary to implement this chapter.

1348 Section 26. Paragraph (h) of subsection (3) of section
 1349 163.01, Florida Statutes, is amended to read:

1350 163.01 Florida Interlocal Cooperation Act of 1969.—

1351 (3) As used in this section:

1352 (h) "Local government liability pool" means a reciprocal
 1353 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
 1354 insurance program created pursuant to s. 768.28(16), formed and
 1355 controlled by counties or municipalities of this state to
 1356 provide liability insurance coverage for counties,
 1357 municipalities, or other public agencies of this state, which
 1358 pool may contract with other parties for the purpose of
 1359 providing claims administration, processing, accounting, and
 1360 other administrative facilities.

1361 Section 27. Subsection (3) of section 626.9531, Florida
 1362 Statutes, is amended to read:

1363 626.9531 Identification of insurers, agents, and insurance
 1364 contracts.—

1365 (3) For the purposes of this section, the term "risk
 1366 bearing entity" means a reciprocal insurer as defined in s.
 1367 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
 1368 in s. 624.462, a group self-insurance fund as defined in s.
 1369 624.4621, a local government self-insurance fund as defined in
 1370 s. 624.4622, a self-insured public utility as defined in s.
 1371 624.46225, or an independent educational institution self-
 1372 insurance fund as defined in s. 624.4623. For the purposes of
 1373 this section, the term "risk bearing entity" does not include an
 1374 authorized insurer as defined in s. 624.09.

1375 Section 28. Except as otherwise expressly provided in this

1376 | act and except for this section, which shall take effect upon
1377 | becoming a law, this act shall take effect July 1, 2024.