

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 and
 16 nonrenewing policies covering dwellings and
 17 residential properties damaged as a result hurricanes
 18 or wind losses within certain timeframes; providing
 19 exceptions to prohibitions against insurers' policy
 20 cancellations and nonrenewals within certain
 21 timeframes under certain circumstances; providing
 22 construction; authorizing the Financial Services
 23 Commission to adopt rules and the Commissioner of
 24 Insurance Regulation to issue orders; amending s.
 25 627.062, F.S.; specifying requirements for rate

26 filings if certain models are used; amending s.
27 627.351, F.S.; revising requirements for certain
28 policies issued by Citizens Property Insurance
29 Corporation which are not subject to certain rate
30 increase limitations; amending s. 627.4133, F.S.;
31 prohibiting eligible surplus lines insurers from
32 canceling and nonrenewing policies covering dwellings
33 and residential properties damaged by covered perils
34 within certain timeframes; revising circumstances and
35 timeframes under which authorized insurers are
36 prohibited from canceling and nonrenewing policies
37 covering dwellings and residential properties damaged
38 by covered perils within certain timeframes; providing
39 exceptions to such prohibitions against eligible
40 surplus lines insurers within certain timeframes;
41 revising exceptions to such prohibitions against
42 authorized insurers within certain timeframes;
43 revising conditions under which a structure is deemed
44 to be repaired; revising the definition of the term
45 "insurer" to include eligible surplus lines insurers;
46 defining the term "damage"; authorizing the
47 commissioner to issue orders under certain
48 circumstances; providing applicability; amending s.
49 627.7011, F.S.; revising the definition of the term
50 "authorized inspector" to include licensed roofing

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

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

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

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

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

176 | circumstances; providing certain procedures when
 177 | certain reciprocal insurers convert; authorizing
 178 | reciprocal insurers to issue contingent liability
 179 | policies in another state under certain circumstances;
 180 | creating s. 629.525, F.S.; requiring the commission to
 181 | adopt, amend, or repeal certain rules; amending s.
 182 | 766.302, F.S.; revising the manner in which reasonable
 183 | charges for expenses for family residential or
 184 | custodial care are determined; amending s. 766.314,
 185 | F.S.; revising the prohibition relating to the Florida
 186 | Birth-Related Neurological Injury Compensation Plan
 187 | accepting new claims; requiring the Florida Birth-
 188 | Related Neurological Injury Compensation Association,
 189 | in consultation with specified entities, to submit, by
 190 | a specified date, a specified report to the Governor,
 191 | the Chief Financial Officer, and the Legislature;
 192 | specifying requirements for the report; amending ss.
 193 | 163.01 and 626.9531, F.S.; conforming provisions to
 194 | changes made by the act; providing effective dates.

195 |

196 | Be It Enacted by the Legislature of the State of Florida:

197 |

198 | Section 1. Subsection (1) of section 624.3161, Florida
 199 | Statutes, is amended to read:

200 | 624.3161 Market conduct examinations.—

201 (1) As often as it deems necessary, the office shall
202 examine each licensed rating organization, each advisory
203 organization, each group, association, carrier, as defined in s.
204 440.02, or other organization of insurers which engages in joint
205 underwriting or joint reinsurance, the attorney in fact of each
206 reciprocal insurer, and each authorized insurer transacting in
207 this state any class of insurance to which ~~the provisions of~~
208 chapter 627 is ~~are~~ applicable. The examination must ~~shall~~ be for
209 the purpose of ascertaining compliance by the person examined
210 with the applicable provisions of chapters 440, 624, 626, 627,
211 and 635.

212 Section 2. Paragraph (a) of subsection (10) of section
213 624.424, Florida Statutes, is amended to read:

214 624.424 Annual statement and other information.—

215 (10) (a) By January 1, 2025, and each month thereafter,
216 each insurer or insurer group doing business in this state shall
217 file on a monthly ~~quarterly~~ basis ~~in conjunction with financial~~
218 ~~reports required by paragraph (1) (a)~~ a supplemental report on an
219 individual and group basis on a form prescribed by the
220 commission with information on personal lines and commercial
221 lines residential property insurance policies in this state. The
222 supplemental report must ~~shall~~ include separate information for
223 personal lines property policies and for commercial lines
224 property policies and totals for each item specified, including
225 premiums written for each of the property lines of business as

226 described in ss. 215.555(2) (c) and 627.351(6) (a). The report
 227 must ~~shall~~ include the following information for each zip code
 228 ~~county on a monthly basis:~~

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

246 Section 3. Section 624.4305, Florida Statutes, is amended
 247 to read:

248 624.4305 Nonrenewal of residential property insurance
 249 policies.—Any insurer planning to nonrenew more than 10,000
 250 residential property insurance policies in this state within a

251 12-month period shall give notice in writing to the Office of
 252 Insurance Regulation for informational purposes 90 days before
 253 the issuance of any notices of nonrenewal. The notice provided
 254 to the office must set forth the insurer's reasons for such
 255 action, the effective dates of nonrenewal, and any arrangements
 256 made for other insurers to offer coverage to affected
 257 policyholders. The commission may adopt rules to administer this
 258 section.

259 Section 4. Effective upon this act becoming a law,
 260 paragraph (d) of subsection (1) of section 624.46226, Florida
 261 Statutes, is amended to read:

262 624.46226 Public housing authorities self-insurance funds;
 263 exemption for taxation and assessments.—

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

273 (d) Maintains a continuing program of excess insurance
 274 coverage and reinsurance ~~reserve evaluation~~ to protect the
 275 financial stability of the fund ~~in an amount and manner~~

276 ~~determined by a qualified and independent actuary. The program~~
 277 ~~must, at a minimum, this program must:~~

278 1. Include a net retention in an amount and manner
 279 selected by the administrator, ratified by the governing body,
 280 and certified by a qualified actuary;

281 2. Include reinsurance or ~~Purchase~~ excess insurance from
 282 authorized insurance carriers or eligible surplus lines
 283 insurers; and

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

287 ~~2. Retain a per-loss occurrence that does not exceed~~
 288 ~~\$350,000.~~

289
 290 A for-profit or not-for-profit corporation, limited liability
 291 company, or other similar business entity in which a public
 292 housing authority holds an ownership interest or participates in
 293 its governance under s. 421.08(8) may join a self-insurance fund
 294 formed under this section in which such public housing authority
 295 participates. Such for-profit or not-for-profit corporation,
 296 limited liability company, or other similar business entity may
 297 join the self-insurance fund solely to insure risks related to
 298 public housing.

299 Section 5. Subsection (2) of section 626.9201, Florida
 300 Statutes, is amended, and subsection (1) of that section is

301 republished, to read:

302 626.9201 Notice of cancellation or nonrenewal.—

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

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

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

314 (2) An insurer issuing a policy providing coverage for
315 property, casualty, surety, or marine insurance must give the
316 named insured written notice of cancellation or termination
317 other than nonrenewal at least 45 days before the effective date
318 of the cancellation or termination, including in the written
319 notice the reasons for the cancellation or termination, except
320 that:

321 (a) If cancellation is for nonpayment of premium, at least
322 10 days' written notice of cancellation accompanied by the
323 reason for cancellation must be given. As used in this
324 paragraph, the term "nonpayment of premium" means the failure of
325 the named insured to discharge when due any of his or her

326 obligations in connection with the payment of premiums on a
 327 policy or an installment of such a premium, whether the premium
 328 or installment is payable directly to the insurer or its agent
 329 or indirectly under any plan for financing premiums or extension
 330 of credit or the failure of the named insured to maintain
 331 membership in an organization if such membership is a condition
 332 precedent to insurance coverage. The term also includes the
 333 failure of a financial institution to honor the check of an
 334 applicant for insurance which was delivered to a licensed agent
 335 for payment of a premium, even if the agent previously delivered
 336 or transferred the premium to the insurer. If a correctly
 337 dishonored check represents payment of the initial premium, the
 338 contract and all contractual obligations are void ab initio
 339 unless the nonpayment is cured within the earlier of 5 days
 340 after actual notice by certified mail is received by the
 341 applicant or 15 days after notice is sent to the applicant by
 342 certified mail or registered mail, and, if the contract is void,
 343 any premium received by the insurer from a third party must
 344 ~~shall~~ be refunded to that party in full; ~~and~~

345 (b) If cancellation or termination occurs during the first
 346 90 days during which the insurance is in force and if the
 347 insurance is canceled or terminated for reasons other than
 348 nonpayment, at least 20 days' written notice of cancellation or
 349 termination accompanied by the reason for cancellation or
 350 termination must be given, except if there has been a material

351 misstatement or misrepresentation or failure to comply with the
352 underwriting requirements established by the insurer; ~~and-~~

353 (c)1. Upon a declaration of an emergency pursuant to s.
354 252.36 and the filing of an order by the Commissioner of
355 Insurance Regulation, an insurer may not cancel or nonrenew a
356 personal residential or commercial residential property
357 insurance policy covering a dwelling or residential property
358 located in this state which has been damaged as a result of a
359 hurricane or wind loss that is the subject of the declaration of
360 emergency for 90 days after the dwelling or residential property
361 has been repaired. A dwelling or residential property is deemed
362 to be repaired when substantially completed and restored to the
363 extent that the dwelling or residential property is insurable by
364 another insurer that is writing policies in this state.

365 2. An insurer or agent may cancel or nonrenew such a
366 policy before the repair of the dwelling or residential
367 property:

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

369 b. Upon 45 days' notice:

370 (I) For a material misstatement or fraud related to the
371 claim;

372 (II) If the insurer determines that the insured has
373 unreasonably caused a delay in the repair of the dwelling or
374 residential property;

375 (III) If the insurer or its agent has made a reasonable

376 written inquiry to the insured as to the status of the repair,
 377 sent by certified mail, return receipt requested, and the
 378 insured has failed within 30 calendar days to provide
 379 information that is responsive to the inquiry to either the
 380 address or e-mail account designated by the insurer or its
 381 agent; or

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

383 3. If the insurer elects to nonrenew a policy covering a
 384 dwelling or residential property that has been damaged, the
 385 insurer must provide at least 90 days' notice to the insured
 386 that the insurer intends to nonrenew the policy 90 days after
 387 the property has been repaired.

388 4. This paragraph does not prevent the insurer from
 389 canceling or nonrenewing the policy 90 days after the repair is
 390 completed for the same reasons the insurer would otherwise have
 391 canceled or nonrenewed the policy but for the limitations
 392 imposed in subparagraph 1.

393 5. The commission may adopt rules, and the Commissioner of
 394 Insurance Regulation may issue orders, necessary to implement
 395 this paragraph.

396 Section 6. Paragraph (j) of subsection (2) of section
 397 627.062, Florida Statutes, is amended to read:

398 627.062 Rate standards.—

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

400 (j) With respect to residential property insurance rate

401 filings, the rate filing:

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

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

408 If an averaged model is used under this section, the same
409 averaged model must be used throughout this state. If a weighted
410 average is used, the insurer must provide the office with an
411 actuarial justification for using the weighted average which
412 shows that the weighted average results in a rate that is
413 reasonable, adequate, and fair.

414

415 The provisions of this subsection do not apply to workers'
416 compensation, employer's liability insurance, and motor vehicle
417 insurance.

418 Section 7. Paragraph (n) of subsection (6) of section
419 627.351, Florida Statutes, is amended to read:

420 627.351 Insurance risk apportionment plans.—

421 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

422 (n)1. Rates for coverage provided by the corporation must
423 be actuarially sound pursuant to s. 627.062 and not competitive
424 with approved rates charged in the admitted voluntary market so
425 that the corporation functions as a residual market mechanism to

426 provide insurance only when insurance cannot be procured in the
427 voluntary market, except as otherwise provided in this
428 paragraph. The office shall provide the corporation such
429 information as would be necessary to determine whether rates are
430 competitive. The corporation shall file its recommended rates
431 with the office at least annually. The corporation shall provide
432 any additional information regarding the rates which the office
433 requires. The office shall consider the recommendations of the
434 board and issue a final order establishing the rates for the
435 corporation within 45 days after the recommended rates are
436 filed. The corporation may not pursue an administrative
437 challenge or judicial review of the final order of the office.

438 2. In addition to the rates otherwise determined pursuant
439 to this paragraph, the corporation shall impose and collect an
440 amount equal to the premium tax provided in s. 624.509 to
441 augment the financial resources of the corporation.

442 3. After the public hurricane loss-projection model under
443 s. 627.06281 has been found to be accurate and reliable by the
444 Florida Commission on Hurricane Loss Projection Methodology, the
445 model shall be considered when establishing the windstorm
446 portion of the corporation's rates. The corporation may use the
447 public model results in combination with the results of private
448 models to calculate rates for the windstorm portion of the
449 corporation's rates. This subparagraph does not require or allow
450 the corporation to adopt rates lower than the rates otherwise

451 required or allowed by this paragraph.

452 4. The corporation must make a recommended actuarially
 453 sound rate filing for each personal and commercial line of
 454 business it writes.

455 5. Notwithstanding the board's recommended rates and the
 456 office's final order regarding the corporation's filed rates
 457 under subparagraph 1., the corporation shall annually implement
 458 a rate increase which, except for sinkhole coverage, does not
 459 exceed the following for any single policy issued by the
 460 corporation, excluding coverage changes and surcharges:

- 461 a. Twelve percent for 2023.
- 462 b. Thirteen percent for 2024.
- 463 c. Fourteen percent for 2025.
- 464 d. Fifteen percent for 2026 and all subsequent years.

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

468 7. The corporation's implementation of rates as prescribed
 469 in subparagraphs 5. and 8. shall cease for any line of business
 470 written by the corporation upon the corporation's implementation
 471 of actuarially sound rates. Thereafter, the corporation shall
 472 annually make a recommended actuarially sound rate filing that
 473 is not competitive with approved rates in the admitted voluntary
 474 market for each commercial and personal line of business the
 475 corporation writes.

476 8. ~~The following~~ New or renewal personal lines policies
 477 that do not cover a primary residence ~~written on or after~~
 478 ~~November 1, 2023,~~ are not subject to the rate increase
 479 limitations in subparagraph 5., but may not be charged more than
 480 50 percent above, nor less than, the prior year's established
 481 rate for the corporation:

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

483 b. ~~New policies under which the coverage for the insured~~
 484 ~~risk, before the date of application with the corporation, was~~
 485 ~~last provided by an insurer determined by the office to be~~
 486 ~~unsound or an insurer placed in receivership under chapter 631;~~
 487 ~~or~~

488 c. ~~Subsequent renewals of those policies, including the~~
 489 ~~new policies in sub-subparagraph b., under which the coverage~~
 490 ~~for the insured risk, before the date of application with the~~
 491 ~~corporation, was last provided by an insurer determined by the~~
 492 ~~office to be unsound or an insurer placed in receivership under~~
 493 ~~chapter 631.~~

494 9. As used in this paragraph, the term "primary residence"
 495 means the dwelling that is the policyholder's primary home or is
 496 a rental property that is the primary home of the tenant, and
 497 which the policyholder or tenant occupies for more than 9 months
 498 of each year.

499 Section 8. Paragraph (a) of subsection (5) of section
 500 627.7011, Florida Statutes, is amended to read:

501 627.7011 Homeowners' policies; offer of replacement cost
502 coverage and law and ordinance coverage.—

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

- 506 1. A home inspector licensed under s. 468.8314;
- 507 2. A building code inspector certified under s. 468.607;
- 508 3. A general, building, or residential contractor licensed
509 under s. 489.111 or a roofing contractor;
- 510 4. A professional engineer licensed under s. 471.015;
- 511 5. A professional architect licensed under s. 481.213; or
- 512 6. Any other individual or entity recognized by the
513 insurer as possessing the necessary qualifications to properly
514 complete a general inspection of a residential structure insured
515 with a homeowner's insurance policy.

516 Section 9. Section 628.011, Florida Statutes, is amended
517 to read:

518 628.011 Scope of part.—This part applies only to domestic
519 ~~stock~~ insurers, mutual insurers, and captive insurers, except
520 that s. 628.341(2) applies also as to foreign and alien
521 insurers.

522 Section 10. Section 628.061, Florida Statutes, is amended
523 to read:

524 628.061 Investigation of proposed organization.—In
525 connection with any proposal to organize or incorporate a

526 domestic insurer, the office shall make an investigation of:

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

530 (2) The character, financial responsibility, insurance
 531 experience, and business qualifications of its proposed
 532 officers, members of its subscribers' advisory committee, or
 533 officers of its attorney in fact.

534 (3) The character, financial responsibility, business
 535 experience, and standing of the proposed stockholders and
 536 directors, including the stockholders and directors of any
 537 attorney in fact.

538 Section 11. Subsections (1), (2), and (5) of section
 539 628.801, Florida Statutes, are amended to read:

540 628.801 Insurance holding companies; registration;
 541 regulation.—

542 (1) An insurer that is authorized to do business in this
 543 state and that is a member of an insurance holding company
 544 shall, on or before April 1 of each year, register with the
 545 office and file a registration statement and be subject to
 546 regulation with respect to its relationship to the holding
 547 company as provided by law or rule. The commission shall adopt
 548 rules establishing the information and statement form required
 549 for registration and the manner in which registered insurers and
 550 their affiliates are regulated. The rules apply to domestic

551 insurers, foreign insurers, and commercially domiciled insurers,
 552 except for foreign insurers domiciled in states that are
 553 currently accredited by the NAIC. Except to the extent of any
 554 conflict with this code, the rules must include all requirements
 555 and standards of the Insurance Holding Company System Model
 556 Regulation and ss. 4 and 5 of the Insurance Holding Company
 557 System Regulatory Act ~~and the Insurance Holding Company System~~
 558 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
 559 The commission may adopt subsequent amendments thereto if the
 560 methodology remains substantially consistent. The rules may
 561 include a prohibition on oral contracts between affiliated
 562 entities. Material transactions between an insurer and its
 563 affiliates must ~~shall~~ be filed with the office as provided by
 564 rule.

565 (2) ~~Effective January 1, 2015,~~ The ultimate controlling
 566 person of every insurer subject to registration shall also file
 567 an annual enterprise risk report on or before April 1. As used
 568 in this subsection, the term "ultimate controlling person" means
 569 a person who is not controlled by any other person. The report
 570 must, to the best of the ultimate controlling person's knowledge
 571 and belief, ~~must~~ identify the material risks within the
 572 insurance holding company system that could pose enterprise risk
 573 to the insurer. The report must ~~shall~~ be filed with the lead
 574 state office of the insurance holding company system as
 575 determined by the procedures within the Financial Analysis

576 Handbook adopted by the NAIC and is confidential and exempt from
 577 public disclosure as provided in s. 624.4212.

578 (a) An insurer may satisfy this requirement by providing
 579 the office with the most recently filed parent corporation
 580 reports that have been filed with the Securities and Exchange
 581 Commission which provide the appropriate enterprise risk
 582 information.

583 (b) The term "enterprise risk" means an activity,
 584 circumstance, event, or series of events involving one or more
 585 affiliates of an insurer which, if not remedied promptly, are
 586 likely to have a materially adverse effect upon the financial
 587 condition or liquidity of the insurer or its insurance holding
 588 company system as a whole, including anything that would cause
 589 the insurer's risk-based capital to fall into company action
 590 level as set forth in s. 624.4085 or would cause the insurer to
 591 be in a hazardous financial condition.

592 (c) The office may adopt rules for filing the annual
 593 enterprise risk report in accordance with the Insurance Holding
 594 Company System Regulatory Act and the Insurance Holding Company
 595 System Model Regulation of the NAIC, as adopted in December
 596 2020.

597 ~~(5) Effective January 1, 2015,~~ The failure to file a
 598 registration statement, or a summary of the registration
 599 statement, or the enterprise risk filing report required by this
 600 section within the time specified for filing is a violation of

601 this section.

602 Section 12. Section 629.011, Florida Statutes, is amended
603 to read:

604 629.011 Definitions ~~"Reciprocal insurance" defined.~~ As
605 used in this part, the term:

606 (1) "Affiliated person" of another person means any of the
607 following:

608 (a) The spouse of the other person.

609 (b)1. The parents of the other person or their lineal
610 descendants.

611 2. The parents of the other person's spouse or their
612 lineal descendants.

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

616 (d) A person who directly or indirectly owns 10 percent or
617 more of the outstanding voting securities that are directly or
618 indirectly owned or controlled, or held with the power to vote,
619 by the other person.

620 (e) A person or group of persons who directly or
621 indirectly control, are controlled by, or are under common
622 control with the other person.

623 (f) A director, officer, trustee, partner, owner, manager,
624 joint venturer, or employee, or another person who is performing
625 duties similar to those of persons in such positions, of the

626 other person.

627 (g) If the other person is an investment company, any
628 investment adviser of such company or any member of an advisory
629 board of such company.

630 (h) If the other person is an unincorporated investment
631 company not having a board of directors, the depositor of such
632 company.

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

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

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

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

643 (3) "Controlling company" means a person, corporation,
644 trust, limited liability company, association, or other entity
645 owning, directly or indirectly, 10 percent or more of the voting
646 securities of one or more attorneys in fact that are stock
647 corporations, or 10 percent or more of the ownership interest of
648 one or more attorneys in fact that are not stock corporations.

649 (4) "Reciprocal insurance" ~~means is that resulting from~~ an
650 interexchange among persons, known as "subscribers," of

651 reciprocal agreements of indemnity, the interexchange being
652 effectuated through an "attorney in fact" common to all such
653 persons.

654 (5) "Reciprocal insurer" means an unincorporated
655 aggregation of subscribers operating individually and
656 collectively through an attorney in fact to provide reciprocal
657 insurance among themselves.

658 Section 13. Section 629.021, Florida Statutes, is
659 repealed.

660 Section 14. Section 629.061, Florida Statutes, is
661 repealed.

662 Section 15. Section 629.081, Florida Statutes, is amended
663 to read:

664 629.081 Organization of reciprocal insurer.—

665 (1) Twenty-five or more persons domiciled in this state
666 may organize a domestic reciprocal insurer by applying and make
667 application to the office for a permit to do so. A domestic
668 reciprocal insurer may not be formed unless the persons so
669 proposing have first received a permit from the office a
670 certificate of authority to transact insurance.

671 (2) The permit application, to be filed by the organizers
672 or the proposed attorney in fact, must be in writing and made in
673 accordance with forms prescribed by the commission. In addition
674 to any applicable requirements of s. 628.051 and other relevant
675 statutes, the application must include all of the following

676 ~~shall fulfill the requirements of and shall execute and file~~
677 ~~with the office, when applying for a certificate of authority, a~~
678 ~~declaration setting forth:~~

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

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

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

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

687 (e) The proposed designation and appointment of the
688 proposed attorney in fact and a copy of the proposed power of
689 attorney.†

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

693 (g) The background information as specified in s. 629.227
694 for all officers, directors, managers, and those in equivalent
695 positions of the proposed attorney in fact as well as for any
696 person with an ownership interest of 10 percent or more in the
697 proposed attorney in fact.

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

701 (i) The proposed charter powers of the subscribers'
 702 advisory committee, and the names and terms of office of the
 703 members thereof, as well as the background information as
 704 specified in s. 629.227 for each proposed member.

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

709 (j)(i) A copy of the proposed subscribers' agreement.

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

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

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

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

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

725 (4) The office shall evaluate and grant or deny the permit

726 application in accordance with ss. 628.061, 628.071, and other
727 relevant provisions of the code.

728

729 ~~Such declaration shall be acknowledged by the attorney before an~~
730 ~~officer authorized to take acknowledgments.~~

731 Section 16. Section 629.091, Florida Statutes, is amended
732 to read:

733 629.091 Reciprocal certificate of authority.-

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

736 (2) To apply for a certificate of authority as a domestic
737 reciprocal insurer, the attorney in fact of an applicant who has
738 previously received a permit from the office may file an
739 application for a certificate of authority in accordance with
740 forms prescribed by the commission which, in addition to
741 applicable requirements of ss. 624.404, 624.411, 624.413, and
742 other relevant statutes, consists of all of the following:

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

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

750 (c) A statement that each of the original subscribers has

751 in good faith applied for insurance of a kind proposed to be
752 transacted, and that the insurer has received from each such
753 subscriber the full premium or premium deposit required for the
754 policy applied for, for a term of not less than 6 months at an
755 adequate rate that was filed with and approved by the office.

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

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

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

762 (3) If the reciprocal insurer intends to issue
763 nonassessable policies upon receipt of a certificate of
764 authority and if the office determines that the reciprocal
765 insurer meets the legal requirements to issue nonassessable
766 policies, including the surplus requirements, the office shall
767 grant the authorization to issue nonassessable policies.

768 (4) The certificate of authority ~~must~~ ~~of a reciprocal~~
769 ~~insurer shall~~ be issued ~~to its attorney~~ in the name of the
770 ~~reciprocal~~ insurer to its attorney in fact.

771 Section 17. Section 629.094, Florida Statutes, is created
772 to read:

773 629.094 Continued eligibility for certificate of
774 authority.-In order to maintain its eligibility for a
775 certificate of authority, a domestic reciprocal insurer must

776 continue to meet all applicable conditions required for
 777 receiving the initial permit and certificate of authority under
 778 the insurance code and the rules adopted thereunder.

779 Section 18. Section 629.101, Florida Statutes, is amended
 780 to read:

781 629.101 Power of attorney.—

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

785 (2) The power of attorney must set forth all of the
 786 following:

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

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

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

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

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

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

801 (g)~~(e)~~ Except as to nonassessable policies, a provision
 802 for a contingent several liability of each subscriber in a
 803 specified amount, which amount may ~~shall be~~ not be less than 5
 804 nor more than 10 times the premium or premium deposit stated in
 805 the policy.

806 (3) The power of attorney may:

807 (a) Provide for the right of substitution of the attorney
 808 in fact and revocation of the power of attorney and rights
 809 thereunder.~~†~~

810 (b) Impose such restrictions upon the exercise of the
 811 power as are agreed upon by the subscribers.~~†~~

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

814 (4)~~(d)~~ The power of attorney must contain other lawful
 815 provisions deemed advisable.

816 (5)~~(4)~~ The terms of any power of attorney or agreement
 817 collateral thereto must ~~shall~~ be reasonable and equitable, and
 818 ~~no~~ such power or agreement may not ~~shall~~ be used or be effective
 819 in this state unless filed with the office.

820 Section 19. Section 629.225, Florida Statutes, is created
 821 to read:

822 629.225 Acquisitions.-

823 (1) A person may not, individually or in conjunction with
 824 an affiliated person of such person, directly or indirectly,
 825 conclude a tender offer or exchange offer for, enter into any

826 agreement to exchange securities for, or otherwise finally
827 acquire 10 percent or more of the outstanding voting securities
828 of an attorney in fact that is a stock corporation or of a
829 controlling company of an attorney in fact that is a stock
830 corporation; or conclude an acquisition of, or otherwise finally
831 acquire, 10 percent or more of the ownership interest of an
832 attorney in fact that is not a stock corporation or of a
833 controlling company of an attorney in fact that is not a stock
834 corporation, unless all of the following conditions are met:

835 (a)1. The person or affiliated person has filed with the
836 office and sent to the principal office of the attorney in fact,
837 any controlling company of the attorney in fact, the
838 subscribers' advisory committee, and the domestic reciprocal
839 insurer a letter of notification regarding the transaction or
840 proposed transaction no later than 5 days after any form of
841 tender offer or exchange offer is proposed, or no later than 5
842 days after the acquisition of the securities or ownership
843 interest if a tender offer or exchange offer is not involved.
844 The notification must be provided on forms prescribed by the
845 commission containing information determined necessary to
846 understand the transaction and identify all purchasers and
847 owners involved.

848 2. The subscribers' advisory committee must provide the
849 notification to the subscribers of the reciprocal insurer within
850 3 business days. Such notification must be provided on a form

851 prescribed by the commission explaining what the notification is
852 and letting the subscribers know of the filing deadlines for
853 objecting to the acquisition.

854 (b) The person or affiliated person has filed with the
855 office an application, signed under oath and prepared on forms
856 prescribed by the commission, which contains the information
857 specified in subsection (3). The application must be completed
858 and filed within 30 days after any form of tender offer or
859 exchange offer is proposed, or after the acquisition of the
860 securities if a tender offer or exchange offer is not involved.

861 (c) The office has approved the tender offer or exchange
862 offer, or acquisition if a tender offer or exchange offer is not
863 involved.

864 (2) The person or affiliated person filing the notice
865 required in paragraph (1) (a) may additionally request the office
866 to waive the requirements of paragraph (1) (b), provided that
867 there is no change in the ultimate controlling shareholders and
868 no change in the ownership percentages of the ultimate
869 controlling shareholders, and no unaffiliated parties acquire
870 any direct or indirect interest in the attorney in fact. The
871 office may waive the filing required in paragraph (1) (b) if it
872 determines that in fact there is no change in the ultimate
873 controlling shareholders and no change in the ownership
874 percentages of the ultimate controlling shareholders, and no
875 unaffiliated parties will acquire any direct or indirect

876 interest in the attorney in fact.

877 (3) The application to be filed with the office and
878 furnished to the attorney in fact must contain all of the
879 following information and any additional information as the
880 office deems necessary to determine the character, experience,
881 ability, and other qualifications of the person or affiliated
882 person of such person for the protection of the reciprocal
883 insurer's subscribers and of the public:

884 (a) The identity and background information specified in
885 s. 629.227 of:

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

888 2. Any person who controls, directly or indirectly, such
889 other person, including each director, officer, trustee,
890 partner, owner, manager, or joint venturer, or another person
891 performing duties similar to those of persons in such positions,
892 for the person.

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

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

900 (d) The nature and the extent of the controlling interest

901 which the person or affiliated person of such person proposes to
902 acquire, the terms of the proposed acquisition, and the manner
903 in which the controlling interest is to be acquired of an
904 attorney in fact or controlling company which is not a stock
905 corporation.

906 (e) The number of shares or other securities that the
907 person or affiliated person of such person proposes to acquire,
908 the terms of the proposed acquisition, and the manner in which
909 the securities are to be acquired.

910 (f) Information as to any contract, arrangement, or
911 understanding with any party with respect to any of the
912 securities of the attorney in fact or controlling company,
913 including, but not limited to, information relating to the
914 transfer of any of the securities, option arrangements, puts or
915 calls, or the giving or withholding of proxies, which
916 information names the party with whom the contract, arrangement,
917 or understanding has been entered into and gives the details
918 thereof.

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

921 (5) If any material change occurs in the facts provided in
922 the application filed with the office pursuant to this section,
923 or the background information required under s. 629.227, an
924 amendment specifying such changes must be filed immediately with
925 the office, and a copy of the amendment must be sent to the

926 principal office of the attorney in fact and to the principal
927 office of the controlling company.

928 (6) (a) The acquisition application must be reviewed in
929 accordance with chapter 120. The office may, on its own
930 initiative, or, if requested to do so in writing by a
931 substantially affected person, shall conduct a proceeding to
932 consider the appropriateness of the proposed filing. Time
933 periods for purposes of chapter 120 are tolled during the
934 pendency of the proceeding. Any written request for a proceeding
935 must be filed with the office within 10 days after the date on
936 which notice of the filing is given, or 10 days after the date
937 on which notice of the filing is sent to the subscribers by the
938 subscribers' advisory committee, whichever is later. During the
939 pendency of the proceeding or review period by the office, any
940 person or affiliated person complying with the filing
941 requirements of this section may proceed and take all steps
942 necessary to conclude the acquisition as long as the
943 acquisition's becoming final is conditioned upon obtaining
944 office approval. However, at any time that the office finds that
945 an immediate danger to the public health, safety, and welfare of
946 the reciprocal insurer's subscribers exists, the office shall
947 immediately order, pursuant to s. 120.569(2)(n), the proposed
948 acquisition disapproved and any further steps to conclude the
949 acquisition ceased.

950 (b) During the pendency of the office's review of any

951 acquisition subject to this section, the acquiring person may
952 not make any material change in the operation of the attorney in
953 fact or controlling company unless the office has specifically
954 approved the change, and the acquiring person may not make any
955 material change in the management of the attorney in fact unless
956 advance written notice of the change in management is furnished
957 to the office. As used in this paragraph, the term "material
958 change in the operation of the attorney in fact" means a
959 transaction that disposes of or obligates 5 percent or more of
960 the capital and surplus of the attorney in fact or of any
961 domestic reciprocal insurer. The term "material change in the
962 management of the attorney in fact" means any change in
963 management involving officers or directors of the attorney in
964 fact or any person of the attorney in fact or controlling
965 company having authority to dispose of or obligate 5 percent or
966 more of the attorney in fact's capital or surplus. The office
967 must approve a material change in operations if it finds the
968 applicable provisions of subsection (7) have been met. The
969 office may disapprove a material change in management if it
970 finds that the applicable provisions of subsection (7) have not
971 been met, and, in such case, the attorney in fact shall promptly
972 change management as acceptable to the office.

973 (c) If a request for a proceeding is filed, the proceeding
974 must be conducted within 60 days after the date the written
975 request for a proceeding is received by the office. A

976 recommended order must be issued within 20 days after the date
977 of the close of the proceedings. A final order must be issued
978 within 20 days after the date of the recommended order or, if
979 exceptions to the recommended order are filed, within 20 days
980 after the date the exceptions are filed.

981 (7) The office may disapprove any acquisition subject to
982 this section by any person, or any affiliated person of such
983 person, who:

984 (a) Willfully violates this section;

985 (b) In violation of an order issued by the office pursuant
986 to subsection (12), fails to divest himself or herself of any
987 stock or ownership interest obtained in violation of this
988 section or fails to divest himself or herself of any direct or
989 indirect control of such stock or ownership interest, within 25
990 days after such order; or

991 (c) In violation of an order issued by the office pursuant
992 to subsection (12), acquires an additional stock or ownership
993 interest in an attorney in fact or controlling company or direct
994 or indirect control of such stock or ownership interest, without
995 complying with this section.

996 (8) The person filing the application required by this
997 section has the burden of proof. The office must approve any
998 such acquisition if it finds, on the basis of the record made
999 during any proceeding or on the basis of the filed application
1000 if no proceeding is conducted, that:

1001 (a) The financial condition of the acquiring person will
1002 not jeopardize the financial stability of the attorney in fact
1003 or prejudice the interests of the reciprocal insurer's
1004 subscribers or the public.

1005 (b) Any plan or proposal that the acquiring person has
1006 made:

1007 1. To liquidate the attorney in fact, sell its assets, or
1008 merge or consolidate it with any person, or to make any other
1009 major change in its business or corporate structure or
1010 management; or

1011 2. To liquidate any controlling company, sell its assets,
1012 or merge or consolidate it with any person, or to make any major
1013 change in its business or corporate structure or management
1014 which would have an effect upon the attorney in fact,

1015
1016 is fair and free of prejudice to the reciprocal insurer's
1017 subscribers or to the public.

1018 (c) The competence, experience, and integrity of those
1019 persons who will control directly or indirectly the operation of
1020 the attorney in fact indicate that the acquisition is in the
1021 best interest of the reciprocal insurer's subscribers and in the
1022 public interest.

1023 (d) The natural persons for whom background information is
1024 required to be furnished pursuant to this section have such
1025 backgrounds as to indicate that it is in the best interests of

1026 the reciprocal insurer's subscribers and in the public interest
1027 to permit such persons to exercise control over the attorney in
1028 fact.

1029 (e) The directors and officers, if such attorney in fact
1030 or controlling company is a stock corporation, or the trustees,
1031 partners, owners, managers, joint venturers, or other persons
1032 performing duties similar to those of persons in such positions,
1033 if such attorney in fact or controlling company is not a stock
1034 corporation, to be employed after the acquisition have
1035 sufficient insurance experience and ability to ensure reasonable
1036 promise of successful operation.

1037 (f) The management of the attorney in fact after the
1038 acquisition will be competent and trustworthy and will possess
1039 sufficient managerial experience so as to make the proposed
1040 operation of the attorney in fact not hazardous to the
1041 insurance-buying public.

1042 (g) The management of the attorney in fact after the
1043 acquisition will not include any person who has directly or
1044 indirectly through ownership, control, reinsurance transactions,
1045 or other insurance or business relations unlawfully manipulated
1046 the assets, accounts, finances, or books of any insurer or
1047 otherwise acted in bad faith with respect thereto.

1048 (h) The acquisition is not likely to be hazardous or
1049 prejudicial to the reciprocal insurer's subscribers or to the
1050 public.

1051 (i) The effect of the acquisition would not substantially
1052 lessen competition in the line of insurance for which the
1053 reciprocal insurer is licensed or certified in this state or
1054 would not tend to create a monopoly therein.

1055 (9) A vote by the stockholder of record, or by any other
1056 person, of any security acquired in contravention of this
1057 section is not valid. Any acquisition contrary to this section
1058 is void. Upon the petition of the attorney in fact, the
1059 controlling company, or the reciprocal insurer, the circuit
1060 court for the county in which the principal office of the
1061 attorney in fact is located may, without limiting the generality
1062 of its authority, order the issuance or entry of an injunction
1063 or other order to enforce this section. There is a private right
1064 of action in favor of the attorney in fact or controlling
1065 company to enforce this section. A demand upon the office that
1066 it perform its functions is not required as a prerequisite to
1067 any suit by the attorney in fact or controlling company against
1068 another person, and in no case is the office deemed a necessary
1069 party to any action by the attorney in fact or controlling
1070 company to enforce this section. Any person who makes or
1071 proposes an acquisition requiring the filing of an application
1072 pursuant to this section, or who files such an application, is
1073 deemed thereby to have designated the Chief Financial Officer,
1074 or his or her assistant or deputy or another person in charge of
1075 his or her office, as such person's agent for service of process

1076 under this section and is deemed thereby to have submitted
1077 himself or herself to the administrative jurisdiction of the
1078 office and to the jurisdiction of the circuit court.

1079 (10) Any approval by the office under this section does
1080 not constitute a recommendation by the office of the tender
1081 offer or exchange offer, or the acquisition if a tender offer or
1082 exchange offer is not involved. It is unlawful for a person to
1083 represent that the office's approval constitutes a
1084 recommendation. A person who violates this subsection commits a
1085 felony of the third degree, punishable as provided in s.
1086 775.082, s. 775.083, or s. 775.084. The statute-of-limitations
1087 period for the prosecution of an offense committed under this
1088 subsection is 5 years.

1089 (11) A person may rebut a presumption of control by filing
1090 a disclaimer of control with the office on a form prescribed by
1091 the commission. The disclaimer must fully disclose all material
1092 relationships and bases for affiliation between the person and
1093 the attorney in fact as well as the basis for disclaiming the
1094 affiliation. In lieu of such form, a person or acquiring party
1095 may file with the office a copy of a Schedule 13G filed with the
1096 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
1097 (c), 17 C.F.R. s. 240.13d-1, under the Securities Exchange Act
1098 of 1934, as amended. After a disclaimer has been filed, the
1099 attorney in fact is relieved of any duty to register or report
1100 under this section which may arise out of the attorney in fact's

1101 relationship with the person unless the office disallows the
1102 disclaimer.

1103 (12) If the office determines that any person or any
1104 affiliated person of such person has acquired 10 percent or more
1105 of the outstanding voting securities of an attorney in fact or
1106 controlling company that is a stock corporation, or 10 percent
1107 or more of the ownership interest of an attorney in fact or
1108 controlling company that is not a stock corporation, without
1109 complying with this section, the office may order that the
1110 person and any affiliated person of such person cease
1111 acquisition of the attorney in fact or controlling company and,
1112 if appropriate, divest itself of any stock or ownership interest
1113 acquired in violation of this section.

1114 (13) (a) The office shall, if necessary to protect the
1115 public interest, suspend or revoke the certificate of authority
1116 of the reciprocal insurer whose attorney in fact or controlling
1117 company is acquired in violation of this section.

1118 (b) If a reciprocal insurer is subject to suspension or
1119 revocation pursuant to paragraph (a), any other reciprocal
1120 insurer using the same attorney in fact is also subject to
1121 suspension or revocation. In such case, the office may offer any
1122 affected reciprocal insurer, through its subscriber
1123 representatives, the ability to cure any suspension or
1124 revocation by procuring another attorney in fact acceptable to
1125 the office or by taking any other action agreed to by the

1126 office.

1127 (14) This section applies to domestic reciprocal insurers
 1128 and the attorney in fact of domestic reciprocal insurers. This
 1129 section does not apply to any acquisition of voting securities
 1130 or ownership interest of an attorney in fact or of a controlling
 1131 company by any person who is the owner of a majority of the
 1132 voting securities or ownership interest with the approval of the
 1133 office under this section or s. 629.091.

1134 Section 20. Section 629.227, Florida Statutes, is created
 1135 to read:

1136 629.227 Background information.—The information as to the
 1137 background and identity of each person about whom information is
 1138 required to be furnished pursuant to s. 629.081 or s. 629.225
 1139 must include, but need not be limited to, all of the following:

1140 (1) A sworn biographical statement, on forms adopted by
 1141 the commission, which must include, but need not be limited to,
 1142 the following information:

1143 (a) Occupations, positions of employment, and offices held
 1144 during the past 20 years, including the principal business and
 1145 address of any business, corporation, or organization where each
 1146 occupation, position of employment, or office occurred.

1147 (b) Whether, at any time during such 20-year period, the
 1148 person was convicted of any crime other than a traffic
 1149 violation.

1150 (c) Whether, during such 20-year period, the person has

1151 been the subject of any proceeding for the revocation of any
1152 license and, if so, the nature of the proceeding and the
1153 disposition of the proceeding.

1154 (d) Whether, during such 20-year period, the person has
1155 been the subject of any proceeding under the federal Bankruptcy
1156 Act.

1157 (e) Whether, during such 20-year period, any person or
1158 other business or organization in which the person was a
1159 director, officer, trustee, partner, owner, manager, or other
1160 official has been the subject of any proceeding under the
1161 federal Bankruptcy Act, either during the time of that person's
1162 tenure with the business or organization or within 12 months
1163 thereafter.

1164 (f) Whether, during such 20-year period, the person has
1165 been enjoined, either temporarily or permanently, by a court of
1166 competent jurisdiction from violating any federal or state law
1167 regulating the business of insurance, securities, or banking, or
1168 from carrying out any particular practice or practices in the
1169 course of the business of insurance, securities, or banking,
1170 together with details as to any such event.

1171 (g) Whether, during such 20-year period, the person has
1172 served as the attorney in fact, a subscribers' advisory
1173 committee member, or any other manager or officer of a
1174 reciprocal insurer or insurer that became insolvent or had its
1175 certificate of authority suspended or revoked.

1176 (2) A full set of fingerprints of each person, which must
1177 be submitted to the department or to a vendor, entity, or agency
1178 authorized by s. 943.053(13). The department, vendor, entity, or
1179 agency shall forward the fingerprints to the Department of Law
1180 Enforcement for state processing, and the Department of Law
1181 Enforcement shall forward the fingerprints to the Federal Bureau
1182 of Investigation for national processing as described in s.
1183 624.34. Fees for state and federal fingerprint processing shall
1184 be borne by the person. The state cost for fingerprint
1185 processing shall be as provided in s. 943.053(3)(e).

1186 (3) An authorization for release of information in regard
1187 to the investigation of such person's background.

1188 (4) Any additional information that the office deems
1189 necessary to determine the character, experience, ability, and
1190 other qualifications of the person, or affiliated person of such
1191 person, for the protection of the reciprocal insurer's
1192 subscribers and of the public.

1193 Section 21. Section 629.229, Florida Statutes, is created
1194 to read:

1195 629.229 Attorneys in fact, officers, and directors of
1196 insolvent reciprocal insurers or other insurers.—A person who
1197 served as an attorney in fact, or as an officer, director, or
1198 manager of an attorney in fact, a member of a subscribers'
1199 advisory committee of a reciprocal insurer doing business in
1200 this state, or an officer or director of any other insurer doing

1201 business in this state, and who served in that capacity within
1202 the 2-year period before the date the insurer or reciprocal
1203 insurer became insolvent, for an insolvency that occurs on or
1204 after July 1, 2024, may not thereafter:

1205 (1) Serve as an attorney in fact, or as an officer,
1206 director, or manager of an attorney in fact; a member of a
1207 subscribers' advisory committee of a reciprocal insurer doing
1208 business in this state; or an officer or director of any other
1209 insurer doing business in this state; or

1210 (2) Have direct or indirect control over the selection or
1211 appointment of an attorney in fact, or of an officer, director,
1212 or manager of an attorney in fact; or a member of the
1213 subscribers' advisory committee of a reciprocal insurer doing
1214 business in this state; or an officer or director of any insurer
1215 doing business in this state, through contract or trust or by
1216 operation of law,

1217
1218 unless the person demonstrates that his or her personal actions
1219 or omissions were not a significant contributing cause to the
1220 insolvency.

1221 Section 22. Section 629.261, Florida Statutes, is amended
1222 to read:

1223 629.261 Nonassessable policies.—Upon the impairment of the
1224 surplus of a nonassessable reciprocal insurer, the office shall
1225 revoke the authorization issued under s. 629.091(3) or s.

1226 629.291(5). Upon the revocation of the authority to issue
1227 nonassessable policies, the reciprocal insurer may no longer
1228 issue or renew nonassessable policies or convert assessable
1229 policies to nonassessable policies and s. 629.301 applies.

1230 ~~(1) If a reciprocal insurer has a surplus as to~~
1231 ~~policyholders required of a domestic stock insurer authorized to~~
1232 ~~transact like kinds of insurance, upon application of the~~
1233 ~~attorney and as approved by the subscribers' advisory committee~~
1234 ~~the office shall issue its certificate authorizing the insurer~~
1235 ~~to extinguish the contingent liability of subscribers under its~~
1236 ~~policies then in force in this state and to omit provisions~~
1237 ~~imposing contingent liability in all policies delivered or~~
1238 ~~issued for delivery in this state for so long as all such~~
1239 ~~surplus remains unimpaired.~~

1240 ~~(2) Upon impairment of such surplus, the office shall~~
1241 ~~forthwith revoke the certificate. Such revocation may shall not~~
1242 ~~render subject to contingent liability any policy then in force~~
1243 ~~and for the remainder of the period for which the premium has~~
1244 ~~theretofore been paid; but, after such revocation, no policy~~
1245 ~~shall be issued or renewed without providing for contingent~~
1246 ~~assessment liability of the subscriber.~~

1247 ~~(3) The office shall not authorize a domestic reciprocal~~
1248 ~~insurer so to extinguish the contingent liability of any of its~~
1249 ~~subscribers or in any of its policies to be issued, unless it~~
1250 ~~qualifies to and does extinguish such liability of all its~~

1251 ~~subscribers and in all such policies for all kinds of insurance~~
1252 ~~transacted by it; except that, if required by the laws of~~
1253 ~~another state in which the insurer is transacting insurance as~~
1254 ~~an authorized insurer, the insurer may issue policies providing~~
1255 ~~for the contingent liability of such of its subscribers as may~~
1256 ~~acquire such policies in such state, and need not extinguish the~~
1257 ~~contingent liability applicable to policies theretofore in force~~
1258 ~~in such state.~~

1259 Section 23. Subsections (1), (2), and (4) of section
1260 629.291, Florida Statutes, are amended, and subsection (5) is
1261 added to that section, to read:

1262 629.291 Merger or conversion.—

1263 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote
1264 of not less than two-thirds of its subscribers who vote on such
1265 merger pursuant to due notice, and subject to the approval by ~~of~~
1266 the office of the terms therefor, may merge with another
1267 reciprocal insurer or be converted to a stock or mutual insurer,
1268 to be thereafter governed by the applicable sections of the
1269 Florida Insurance Code. However, a domestic stock insurer may
1270 not convert to a reciprocal insurer.

1271 (2) A plan to merge a reciprocal insurer with another
1272 reciprocal insurer or for conversion of the reciprocal insurer
1273 to a stock or mutual insurer must be filed with the office on
1274 forms adopted by the office and must contain such information as
1275 the office reasonably requires to evaluate the transaction ~~Such~~

1276 ~~a stock or mutual insurer shall be subject to the same capital~~
1277 ~~or surplus requirements and shall have the same rights as a like~~
1278 ~~domestic insurer transacting like kinds of insurance.~~

1279 (4) Reinsurance of all or substantially all of the
1280 insurance in force of a domestic reciprocal insurer in another
1281 insurer is ~~shall be~~ deemed to be a merger for the purposes of
1282 this section.

1283 (5) (a) An assessable reciprocal insurer may convert to a
1284 nonassessable reciprocal insurer if:

1285 1. The subscribers' advisory committee approves the
1286 conversion;

1287 2. The attorney in fact submits the application for
1288 conversion on the required application form; and

1289 3. The office finds that the application for conversion
1290 meets the minimum statutory requirements.

1291 (b) If the office approves the application for conversion,
1292 the assessable reciprocal insurer may convert to a nonassessable
1293 reciprocal insurer by:

1294 1. Extinguishing the contingent liability of subscribers
1295 under all policies then in force in this state;

1296 2. Omitting contingent liability provisions in all
1297 policies delivered or issued in this state after the conversion;
1298 and

1299 3. Otherwise extinguishing the contingent liability of all
1300 of its subscribers. However, if the reciprocal insurer is

1301 transacting insurance as an authorized insurer in another state
 1302 and that state's laws require the insurer to issue policies with
 1303 contingent liability provisions, the insurer may issue
 1304 contingent liability policies in that other state.

1305 Section 24. 629.525, Florida Statutes, is created to read:
 1306 629.525 Rulemaking authority.—The commission shall adopt,
 1307 amend, or repeal rules pursuant to chapter 120 which are
 1308 necessary to implement this chapter.

1309 Section 25. Paragraph (c) of subsection (10) of section
 1310 766.302, Florida Statutes, is amended to read:

1311 766.302 Definitions; ss. 766.301-766.316.—As used in ss.
 1312 766.301-766.316, the term:

1313 (10) "Family residential or custodial care" means care
 1314 normally rendered by trained professional attendants which is
 1315 beyond the scope of child care duties, but which is provided by
 1316 family members. Family members who provide nonprofessional
 1317 residential or custodial care may not be compensated under this
 1318 act for care that falls within the scope of child care duties
 1319 and other services normally and gratuitously provided by family
 1320 members. Family residential or custodial care shall be performed
 1321 only at the direction and control of a physician when such care
 1322 is medically necessary. Reasonable charges for expenses for
 1323 family residential or custodial care provided by a family member
 1324 shall be determined as follows:

1325 ~~(c) The award of family residential or custodial care as~~

1326 ~~defined in this section shall not be included in the current~~
1327 ~~estimates for purposes of s. 766.314(9)(c).~~

1328 Section 26. Paragraph (c) of subsection (9) of section
1329 766.314, Florida Statutes, is amended to read:

1330 766.314 Assessments; plan of operation.—

1331 (9)

1332 (c) If the total of all current estimates equals or
1333 exceeds 100 ~~80~~ percent of the funds on hand and the funds that
1334 will become available to the association within the next 12
1335 months from all sources described in subsection ~~subsections~~ (4)
1336 and paragraph (5)(a) ~~(5) and paragraph (7)(a)~~, the association
1337 may not accept any new claims without express authority from the
1338 Legislature. ~~Nothing in~~ This section does not preclude ~~precludes~~
1339 the association from accepting any claim if the injury occurred
1340 18 months or more before the effective date of this suspension.
1341 Within 30 days after the effective date of this suspension, the
1342 association shall notify the Governor, the Speaker of the House
1343 of Representatives, the President of the Senate, the Office of
1344 Insurance Regulation, the Agency for Health Care Administration,
1345 and the Department of Health of this suspension.

1346 Section 27. The Florida Birth-Related Neurological Injury
1347 Compensation Association shall, in consultation with the Office
1348 of Insurance Regulation and the Agency for Health Care
1349 Administration, provide a report to the Governor, the Chief
1350 Financial Officer, the President of the Senate, and the Speaker

1351 of the House of Representatives by September 1, 2024, which must
 1352 include, but is not limited to, all of the following
 1353 recommendations for:

1354 (1) Defining actuarial soundness for the association,
 1355 including options for phase-in, if appropriate.

1356 (2) Timing of reporting actuarial soundness and to whom it
 1357 should be reported.

1358 (3) Ensuring a revenue level to maintain actuarial
 1359 soundness, including options for phase-in, if appropriate.

1360 Section 28. Paragraph (h) of subsection (3) of section
 1361 163.01, Florida Statutes, is amended to read:

1362 163.01 Florida Interlocal Cooperation Act of 1969.—

1363 (3) As used in this section:

1364 (h) "Local government liability pool" means a reciprocal
 1365 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
 1366 insurance program created pursuant to s. 768.28(16), formed and
 1367 controlled by counties or municipalities of this state to
 1368 provide liability insurance coverage for counties,
 1369 municipalities, or other public agencies of this state, which
 1370 pool may contract with other parties for the purpose of
 1371 providing claims administration, processing, accounting, and
 1372 other administrative facilities.

1373 Section 29. Subsection (3) of section 626.9531, Florida
 1374 Statutes, is amended to read:

1375 626.9531 Identification of insurers, agents, and insurance

1376 | contracts.—

1377 | (3) For the purposes of this section, the term "risk
 1378 | bearing entity" means a reciprocal insurer as defined in s.
 1379 | 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
 1380 | in s. 624.462, a group self-insurance fund as defined in s.
 1381 | 624.4621, a local government self-insurance fund as defined in
 1382 | s. 624.4622, a self-insured public utility as defined in s.
 1383 | 624.46225, or an independent educational institution self-
 1384 | insurance fund as defined in s. 624.4623. For the purposes of
 1385 | this section, the term "risk bearing entity" does not include an
 1386 | authorized insurer as defined in s. 624.09.

1387 | Section 30. Except as otherwise expressly provided in this
 1388 | act and except for this section, which shall take effect upon
 1389 | becoming a law, this act shall take effect July 1, 2024.