

By the Committee on Banking and Insurance; and Senator Trumbull

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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 related to notice of nonrenewal of residential
12 property insurance policies; amending s. 624.46226,
13 F.S.; revising the requirements for public housing
14 authority self-insurance funds; amending s. 626.9201,
15 F.S.; prohibiting insurers from canceling or
16 nonrenewing certain insurance policies under certain
17 circumstances; providing exceptions; providing
18 construction; authorizing the commission to adopt
19 rules and the Commissioner of Insurance Regulation to
20 issue orders; amending s. 627.062, F.S.; specifying
21 requirements for rate filings if certain models are
22 used; amending s. 627.351, F.S.; revising requirements
23 for certain policies that are not subject to certain
24 rate increase limitations; amending s. 628.011, F.S.;
25 conforming provisions to changes made by the act;
26 amending s. 628.061, F.S.; conforming a provision to
27 changes made by the act; revising the persons that the
28 office is required to investigate in connection with a
29 proposal to organize or incorporate a domestic

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30 insurer; amending s. 628.801, F.S.; revising
31 requirements for rules adopted for insurers that are
32 members of an insurance holding company; deleting an
33 obsolete date; authorizing the commission to adopt
34 rules; amending s. 629.011, F.S.; defining terms;
35 repealing s. 629.021, F.S., relating to the definition
36 of the term "reciprocal insurer"; repealing s.
37 629.061, F.S., relating to the term "attorney";
38 amending s. 629.081, F.S.; revising the procedure for
39 persons to organize as a domestic reciprocal insurer;
40 specifying requirements for the permit application;
41 requiring that the application be accompanied by a
42 specified fee and other pertinent information and
43 documents; requiring the office to evaluate and grant
44 or deny the permit application in accordance with
45 specified provisions; amending s. 629.091, F.S.;
46 providing that a domestic reciprocal insurer may seek
47 a certificate of authority only under certain
48 circumstances; providing requirements for an
49 application for a certificate of authority to operate
50 as a domestic reciprocal insurer; requiring the office
51 to grant a certificate of authority under certain
52 circumstances; requiring that such certificate of
53 authority be issued in the name of the reciprocal
54 insurer to its attorney in fact; creating s. 629.094,
55 F.S.; requiring a domestic reciprocal insurer to meet
56 certain requirements to maintain its eligibility for a
57 certificate of authority; amending s. 629.101, F.S.;
58 revising requirements for the power of attorney given

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59 by subscribers of a domestic reciprocal insurer to the
60 attorney in fact; creating s. 629.225, F.S.; providing
61 applicability; prohibiting persons from concluding a
62 tender offer or exchange offer or acquiring securities
63 of certain attorneys in fact and controlling companies
64 of certain attorneys in fact; providing an exception;
65 providing applicability; authorizing certain persons
66 to request that the office waive certain requirements;
67 providing that the office may waive certain
68 requirements if specified determinations are made;
69 specifying the requirements of an application to the
70 office relating to certain acquisitions; requiring
71 that such application be accompanied by a specified
72 fee; requiring that amendments be filed with the
73 office under certain circumstances; specifying the
74 manner in which the acquisition application must be
75 reviewed; authorizing the office, and requiring the
76 office if a request for a proceeding is filed, to
77 conduct a proceeding within a specified timeframe to
78 consider the appropriateness of such application;
79 requiring that certain time periods be tolled;
80 requiring that written requests for a proceeding be
81 filed within a certain timeframe; authorizing certain
82 persons to take all steps to conclude the acquisition
83 during the pendency of the proceeding or review
84 period; requiring the office to order a proposed
85 acquisition disapproved and that actions to conclude
86 the acquisition be ceased under certain circumstances;
87 prohibiting certain persons from making certain

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88 changes during the pendency of the office's review of
89 an acquisition; providing an exception; defining the
90 terms "material change in the operation of the
91 attorney in fact" and "material change in the
92 management of the attorney in fact"; requiring the
93 office to approve or disapprove certain changes upon
94 making certain findings; requiring that a proceeding
95 be conducted within a certain timeframe; requiring
96 that recommended orders and final orders be issued
97 within a certain timeframe; specifying the
98 circumstances under which the office may disapprove an
99 acquisition; specifying that certain persons have the
100 burden of proof; requiring the office to approve an
101 acquisition upon certain findings; specifying that
102 certain votes are not valid and that certain
103 acquisitions are void; specifying that certain
104 provisions may be enforced by an injunction; creating
105 a private right of action in favor of the attorney in
106 fact or the controlling company to enforce certain
107 provisions; providing that a certain demand upon the
108 office is not required before certain legal actions;
109 providing that the office is not a necessary party to
110 certain actions; specifying the persons who are deemed
111 designated for service of process and who have
112 submitted to the administrative jurisdiction of the
113 office; providing that approval by the office does not
114 constitute a certain recommendation; providing that
115 certain actions are unlawful; providing criminal
116 penalties; providing a statute of limitations;

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117 authorizing a person to rebut a presumption of control
118 by filing certain disclaimers; specifying the contents
119 of such disclaimer; specifying that, after a
120 disclaimer is filed, the attorney in fact is relieved
121 of a certain duty; authorizing the office to order
122 certain persons to cease acquisition of the attorney
123 in fact or controlling company and divest themselves
124 of any stock or ownership interest under certain
125 circumstances; requiring the office to suspend or
126 revoke the reciprocal certificate of authority under
127 certain circumstances; creating s. 629.227, F.S.;
128 specifying the information as to the background and
129 identity of certain persons which must be furnished by
130 such persons; creating s. 629.229, F.S.; prohibiting
131 certain persons who served in certain capacities
132 before a specified date from serving in certain other
133 roles or having certain control over certain
134 selections; providing an exception; amending s.
135 629.261, F.S.; requiring the office to revoke certain
136 authorization under certain circumstances; deleting
137 provisions regarding the office's authority to issue a
138 certificate authoring the insurer to extinguish the
139 contingent liability of subscribers; deleting a
140 prohibition regarding the office's authorization to
141 extinguish the contingent liability of certain
142 subscribers; amending s. 629.291, F.S.; providing that
143 certain insurers that merge are governed by the
144 insurance code; prohibiting domestic stock insurers
145 from being converted to reciprocal insurers; requiring

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146 that specified plans be filed with the office and that
147 such plans contain certain information; deleting a
148 provision regarding a stock or mutual insurer's
149 capital and surplus requirements and rights;
150 authorizing the conversion of assessable reciprocal
151 insurers to nonassessable reciprocal insurers under
152 certain circumstances; creating s. 629.525, F.S.;
153 requiring the commission to adopt, amend, or repeal
154 certain rules; amending ss. 163.01 and 626.9531, F.S.;
155 conforming cross-references; providing an effective
156 date.

157
158 Be It Enacted by the Legislature of the State of Florida:

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

162 624.3161 Market conduct examinations.—

163 (1) As often as it deems necessary, the office shall
164 examine each licensed rating organization, each advisory
165 organization, each group, association, carrier, as defined in s.
166 440.02, or other organization of insurers which engages in joint
167 underwriting or joint reinsurance, the attorney in fact of each
168 reciprocal insurer, and each authorized insurer transacting in
169 this state any class of insurance to which the provisions of
170 chapter 627 are applicable. The examination shall be for the
171 purpose of ascertaining compliance by the person examined with
172 the applicable provisions of chapters 440, 624, 626, 627, and
173 635.

174 Section 2. Paragraph (a) of subsection (10) of section

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175 624.424, Florida Statutes, is amended to read:

176 624.424 Annual statement and other information.—

177 (10) (a) Each insurer or insurer group doing business in
178 this state shall file on a monthly ~~quarterly~~ basis in
179 conjunction with financial reports required by paragraph (1) (a)
180 a supplemental report on an individual and group basis on a form
181 prescribed by the commission with information on personal lines
182 and commercial lines residential property insurance policies in
183 this state. The supplemental report shall include separate
184 information for personal lines property policies and for
185 commercial lines property policies and totals for each item
186 specified, including premiums written for each of the property
187 lines of business as described in ss. 215.555(2) (c) and
188 627.351(6) (a). The report shall include the following
189 information for each zip code ~~county on a monthly~~ basis:

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

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204 invoked any form of alternative dispute resolution, and
205 specifying which form of alternative dispute resolution was
206 used.

207 Section 3. Section 624.4305, Florida Statutes, is amended
208 to read:

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

220 Section 4. Paragraph (d) of subsection (1) of section
221 624.46226, Florida Statutes, is amended to read:

222 624.46226 Public housing authorities self-insurance funds;
223 exemption for taxation and assessments.—

224 (1) Notwithstanding any other provision of law, any two or
225 more public housing authorities in the state as defined in
226 chapter 421 may form a self-insurance fund for the purpose of
227 pooling and spreading liabilities of its members as to any one
228 or combination of casualty risk or real or personal property
229 risk of every kind and every interest in such property against
230 loss or damage from any hazard or cause and against any loss
231 consequential to such loss or damage, provided the self-
232 insurance fund that is created:

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

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

241 2. Include reinsurance or ~~Purchase~~ excess insurance from
242 authorized insurance carriers or eligible surplus lines
243 insurers; ~~and-~~

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

248 ~~2. Retain a per-loss occurrence that does not exceed~~
249 ~~\$350,000.~~

250
251 A for-profit or not-for-profit corporation, limited liability
252 company, or other similar business entity in which a public
253 housing authority holds an ownership interest or participates in
254 its governance under s. 421.08(8) may join a self-insurance fund
255 formed under this section in which such public housing authority
256 participates. Such for-profit or not-for-profit corporation,
257 limited liability company, or other similar business entity may
258 join the self-insurance fund solely to insure risks related to
259 public housing.

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

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262 626.9201 Notice of cancellation or nonrenewal.—

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

270 (a) If cancellation is for nonpayment of premium, at least
271 10 days' written notice of cancellation accompanied by the
272 reason for cancellation must be given. As used in this
273 paragraph, the term "nonpayment of premium" means the failure of
274 the named insured to discharge when due any of his or her
275 obligations in connection with the payment of premiums on a
276 policy or an installment of such a premium, whether the premium
277 or installment is payable directly to the insurer or its agent
278 or indirectly under any plan for financing premiums or extension
279 of credit or the failure of the named insured to maintain
280 membership in an organization if such membership is a condition
281 precedent to insurance coverage. The term also includes the
282 failure of a financial institution to honor the check of an
283 applicant for insurance which was delivered to a licensed agent
284 for payment of a premium, even if the agent previously delivered
285 or transferred the premium to the insurer. If a correctly
286 dishonored check represents payment of the initial premium, the
287 contract and all contractual obligations are void ab initio
288 unless the nonpayment is cured within the earlier of 5 days
289 after actual notice by certified mail is received by the
290 applicant or 15 days after notice is sent to the applicant by

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291 certified mail or registered mail, and, if the contract is void,
292 any premium received by the insurer from a third party must
293 ~~shall~~ be refunded to that party in full; ~~and~~

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

302 (c)1. Upon a declaration of an emergency pursuant to s.
303 252.36 and the filing of an order by the Commissioner of
304 Insurance Regulation, an insurer may not cancel or nonrenew a
305 personal residential or commercial residential property
306 insurance policy covering a dwelling or residential property
307 located in this state which has been damaged as a result of a
308 hurricane or wind loss that is the subject of the declaration of
309 emergency for 90 days after the dwelling or residential property
310 has been repaired. A dwelling or residential property is deemed
311 to be repaired when substantially completed and restored to the
312 extent that the dwelling or residential property is insurable by
313 another insurer that is writing policies in this state.

314 2. However, an insurer or agent may cancel or nonrenew such
315 a policy before the repair of the dwelling or residential
316 property:

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

318 b. Upon 45 days' notice:

319 (I) For a material misstatement or fraud related to the

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320 claim;

321 (II) If the insurer determines that the insured has
322 unreasonably caused a delay in the repair of the dwelling or
323 residential property;

324 (III) If the insurer or its agent makes a reasonable
325 written inquiry to the insured as to the status of repairs, and
326 the insured fails within 30 calendar days to provide information
327 that is responsive to the inquiry to either the address or e-
328 mail account designated by the insurer; or

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

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

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

340 5. The Financial Services Commission may adopt rules, and
341 the Commissioner of Insurance Regulation may issue orders,
342 necessary to implement this paragraph.

343 Section 6. Paragraph (j) of subsection (2) of section
344 627.062, Florida Statutes, is amended to read:

345 627.062 Rate standards.—

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

347 (j) With respect to residential property insurance rate
348 filings, the rate filing~~+~~

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349 ~~1.~~ must account for mitigation measures undertaken by
350 policyholders to reduce hurricane losses and windstorm losses.

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

355

356 The provisions of this subsection do not apply to workers'
357 compensation, employer's liability insurance, and motor vehicle
358 insurance.

359 Section 7. Paragraph (n) of subsection (6) of section
360 627.351, Florida Statutes, is amended to read:

361 627.351 Insurance risk apportionment plans.—

362 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

363 (n)1. Rates for coverage provided by the corporation must
364 be actuarially sound pursuant to s. 627.062 and not competitive
365 with approved rates charged in the admitted voluntary market so
366 that the corporation functions as a residual market mechanism to
367 provide insurance only when insurance cannot be procured in the
368 voluntary market, except as otherwise provided in this
369 paragraph. The office shall provide the corporation such
370 information as would be necessary to determine whether rates are
371 competitive. The corporation shall file its recommended rates
372 with the office at least annually. The corporation shall provide
373 any additional information regarding the rates which the office
374 requires. The office shall consider the recommendations of the
375 board and issue a final order establishing the rates for the
376 corporation within 45 days after the recommended rates are
377 filed. The corporation may not pursue an administrative

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

379 2. In addition to the rates otherwise determined pursuant
380 to this paragraph, the corporation shall impose and collect an
381 amount equal to the premium tax provided in s. 624.509 to
382 augment the financial resources of the corporation.

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

393 4. The corporation must make a recommended actuarially
394 sound rate filing for each personal and commercial line of
395 business it writes.

396 5. Notwithstanding the board's recommended rates and the
397 office's final order regarding the corporation's filed rates
398 under subparagraph 1., the corporation shall annually implement
399 a rate increase which, except for sinkhole coverage, does not
400 exceed the following for any single policy issued by the
401 corporation, excluding coverage changes and surcharges:

- 402 a. Twelve percent for 2023.
403 b. Thirteen percent for 2024.
404 c. Fourteen percent for 2025.
405 d. Fifteen percent for 2026 and all subsequent years.
406 6. The corporation may also implement an increase to

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407 reflect the effect on the corporation of the cash buildup factor
408 pursuant to s. 215.555(5) (b).

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

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

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

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

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

435 9. As used in this paragraph, the term "primary residence"

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436 means the dwelling that is the policyholder's primary home or is
437 a rental property that is the primary home of the tenant, and
438 which the policyholder or tenant occupies for more than 9 months
439 of each year.

440 Section 8. Section 628.011, Florida Statutes, is amended to
441 read:

442 628.011 Scope of part.—This part applies only to domestic
443 ~~stock~~ insurers, mutual insurers, and captive insurers, except
444 that s. 628.341(2) applies also as to foreign and alien
445 insurers.

446 Section 9. Section 628.061, Florida Statutes, is amended to
447 read:

448 628.061 Investigation of proposed organization.—In
449 connection with any proposal to organize or incorporate a
450 domestic insurer, the office shall make an investigation of:

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

454 (2) The character, financial responsibility, insurance
455 experience, and business qualifications of its proposed
456 officers, members of its subscribers' advisory committee, or
457 officers of its attorney in fact.

458 (3) The character, financial responsibility, business
459 experience, and standing of the proposed stockholders and
460 directors, including the stockholders and directors of any
461 attorney in fact.

462 Section 10. Subsections (1), (2), and (5) of section
463 628.801, Florida Statutes, are amended to read:

464 628.801 Insurance holding companies; registration;

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465 regulation.—

466 (1) An insurer that is authorized to do business in this
467 state and that is a member of an insurance holding company
468 shall, on or before April 1 of each year, register with the
469 office and file a registration statement and be subject to
470 regulation with respect to its relationship to the holding
471 company as provided by law or rule. The commission shall adopt
472 rules establishing the information and statement form required
473 for registration and the manner in which registered insurers and
474 their affiliates are regulated. The rules apply to domestic
475 insurers, foreign insurers, and commercially domiciled insurers,
476 except for foreign insurers domiciled in states that are
477 currently accredited by the NAIC. Except to the extent of any
478 conflict with this code, the rules must include all requirements
479 and standards of the Insurance Holding Company System Model
480 Regulation and ss. 4 and 5 of the Insurance Holding Company
481 System Regulatory Act ~~and the Insurance Holding Company System~~
482 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
483 The commission may adopt subsequent amendments thereto if the
484 methodology remains substantially consistent. The rules may
485 include a prohibition on oral contracts between affiliated
486 entities. Material transactions between an insurer and its
487 affiliates must ~~shall~~ be filed with the office as provided by
488 rule.

489 (2) ~~Effective January 1, 2015,~~ The ultimate controlling
490 person of every insurer subject to registration shall also file
491 an annual enterprise risk report on or before April 1. As used
492 in this subsection, the term "ultimate controlling person" means
493 a person who is not controlled by any other person. The report

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494 must, to the best of the ultimate controlling person's knowledge
495 and belief, ~~must~~ identify the material risks within the
496 insurance holding company system that could pose enterprise risk
497 to the insurer. The report must ~~shall~~ be filed with the lead
498 state office of the insurance holding company system as
499 determined by the procedures within the Financial Analysis
500 Handbook adopted by the NAIC and is confidential and exempt from
501 public disclosure as provided in s. 624.4212.

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

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

516 (c) The commission may adopt rules for filing the annual
517 enterprise risk report in accordance with the Insurance Holding
518 Company System Regulatory Act and the Insurance Holding Company
519 System Model Regulation of the NAIC, as adopted in December
520 2020.

521 (5) ~~Effective January 1, 2015,~~ The failure to file a
522 registration statement, or a summary of the registration

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523 statement, or the enterprise risk filing report required by this
524 section within the time specified for filing is a violation of
525 this section.

526 Section 11. Section 629.011, Florida Statutes, is amended
527 to read:

528 629.011 Definitions ~~“Reciprocal insurance” defined.~~ As used
529 in this part, the term:

530 (1) “Affiliated person” of another person means any of the
531 following:

532 (a) The spouse of the other person.

533 (b) The parents of the other person, and their lineal
534 descendants, and the parents of the other person’s spouse, and
535 their lineal descendants.

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

539 (d) A person who directly or indirectly owns 10 percent or
540 more of the outstanding voting securities that are directly or
541 indirectly owned or controlled, or held with power to vote, by
542 the other person.

543 (e) A person or group of persons who directly or indirectly
544 control, are controlled by, or are under common control with the
545 other person.

546 (f) A director, an officer, a trustee, a partner, an owner,
547 a manager, a joint venturer, an employee, or other person
548 performing duties similar to those of persons in such positions.

549 (g) If the other person is an investment company, any
550 investment adviser of such company or any member of an advisory
551 board of such company.

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552 (h) If the other person is an unincorporated investment
553 company not having a board of directors, the depositor of such
554 company.

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

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

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

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

565 (3) "Controlling company" means a person, a corporation, a
566 trust, a limited liability company, an association, or another
567 entity owning, directly or indirectly, 10 percent or more of the
568 voting securities of one or more attorneys in fact that are
569 stock corporations, or 10 percent or more of the ownership
570 interest of one or more attorneys in fact that are not stock
571 corporations.

572 (4) "Reciprocal insurance" is that resulting from an
573 interexchange among persons, known as "subscribers," of
574 reciprocal agreements of indemnity, the interexchange being
575 effectuated through an "attorney in fact" common to all such
576 persons.

577 (5) "Reciprocal insurer" means unincorporated aggregation
578 of subscribers operating individually and collectively through
579 an attorney in fact to provide reciprocal insurance among
580 themselves.

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581 Section 12. Section 629.021, Florida Statutes, is repealed.

582 Section 13. Section 629.061, Florida Statutes, is repealed.

583 Section 14. Section 629.081, Florida Statutes, is amended

584 to read:

585 629.081 Organization of reciprocal insurer.—

586 (1) Twenty-five or more persons domiciled in this state may
587 organize a domestic reciprocal insurer by making application to
588 the office for a permit to do so. A domestic reciprocal insurer
589 may not be formed unless the persons so proposing have first
590 received a permit from the office and make application to the
591 office for a certificate of authority to transact insurance.

592 (2) The permit application, to be filed by the organizers
593 or the proposed attorney in fact, must be in writing and made in
594 accordance with forms prescribed by the commission. In addition
595 to any applicable requirements of s. 628.051 or other relevant
596 statutes, the application must include all of the following
597 shall fulfill the requirements of and shall execute and file
598 with the office, when applying for a certificate of authority, a
599 declaration setting forth:

600 (a) The name of the proposed reciprocal insurer, which
601 shall be in accordance with s. 629.051.†

602 (b) The location of the insurer's principal office, which
603 shall be the same as that of the proposed attorney in fact and
604 shall be maintained within this state.†

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

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

608 (e) The proposed designation and appointment of the
609 proposed attorney in fact and a copy of the proposed power of

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610 attorney.†

611 (f) The names and addresses of the officers and directors
612 of the proposed attorney in fact, if a corporation, or of its
613 members, if other than a corporation, as well as the background
614 information as specified in s. 629.227 for all officers,
615 directors, and equivalent positions of the proposed attorney in
616 fact as well as for any person with ownership interests of 10
617 percent or more in the proposed attorney in fact.†

618 (g) The articles of incorporation and bylaws, or equivalent
619 documents, of the proposed attorney in fact, dated within the
620 last year and appropriately certified.

621 (h) ~~(g)~~ The proposed charter powers of the subscribers'
622 advisory committee, and the names and terms of office of the
623 members thereof as well as the background information as
624 specified in s. 629.227 for each proposed member.†

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

629 (i) A copy of the proposed subscribers' agreement.†

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

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

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639 (j)~~(l)~~ A copy of each policy, endorsement, and application
640 form the insurer ~~it then~~ proposes to issue or use.

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

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

647
648 ~~Such declaration shall be acknowledged by the attorney before an~~
649 ~~officer authorized to take acknowledgments.~~

650 Section 15. Section 629.091, Florida Statutes, is amended
651 to read:

652 629.091 Reciprocal certificate of authority.—

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

655 (2) To apply for a certificate of authority as a domestic
656 reciprocal insurer, the attorney in fact of an applicant who has
657 previously received a permit from the office may file an
658 application for a certificate of authority in accordance with
659 forms prescribed by the commission that, in addition to
660 applicable requirements of ss. 624.404, 624.411, and 624.413 and
661 other relevant statutes, consist of all of the following:

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

664 (b) A statement affirming that all moneys paid to the
665 reciprocal insurer shall, after deducting therefrom any sum
666 payable to the attorney in fact, be held in the name of the
667 insurer and for the purposes specified in the subscribers'

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668 agreement.

669 (c) A statement that each of the original subscribers has
670 in good faith applied for insurance of a kind proposed to be
671 transacted, and that the insurer has received from each such
672 subscriber the full premium or premium deposit required for the
673 policy applied for, for a term of not less than 6 months at an
674 adequate rate theretofore filed with and approved by the office.

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

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

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

681 (3) If the reciprocal insurer intends to issue
682 nonassessable policies upon the receipt of a certificate of
683 authority, and the office determines that the reciprocal insurer
684 meets the legal requirements to issue nonassessable policies,
685 including the surplus requirements, the office shall grant
686 authorization for a certificate of authority. If the surplus of
687 the reciprocal insurer becomes impaired, the insurer may no
688 longer issue or renew nonassessable policies or convert
689 assessable policies to nonassessable policies, and the
690 provisions of s. 629.301 shall apply.

691 (4) The certificate of authority of a reciprocal insurer
692 shall be issued to its attorney in the name of the reciprocal
693 insurer to its attorney in fact.

694 Section 16. Section 629.094, Florida Statutes, is created
695 to read:

696 629.094 Continued eligibility for certificate of

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697 authority.—In order to maintain its eligibility for a
698 certificate of authority, a domestic reciprocal insurer shall
699 continue to meet all applicable conditions required for
700 receiving the initial permit and certificate of authority under
701 this code and the rules adopted thereunder.

702 Section 17. Section 629.101, Florida Statutes, is amended
703 to read:

704 629.101 Power of attorney in fact.—

705 (1) The rights and powers of the attorney of a reciprocal
706 insurer shall be as provided in the power of attorney given it
707 by the subscribers.

708 (2) The power of attorney must set forth all of the
709 following:

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

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

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

715 (d) That the attorney in fact has a fiduciary duty to the
716 subscribers of the reciprocal insurer.

717 (e)~~(d)~~ The maximum amount to be deducted from advance
718 premiums or deposits to be paid to the attorney and the general
719 items of expense in addition to losses, to be paid by the
720 insurer.~~†~~ ~~and~~

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

725 (3) The power of attorney may:

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726 (a) Provide for the right of substitution of the attorney
727 and revocation of the power of attorney and rights thereunder;

728 (b) Impose such restrictions upon the exercise of the power
729 as are agreed upon by the subscribers;

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

732 (d) Contain other lawful provisions deemed advisable.

733 (4) The terms of any power of attorney or agreement
734 collateral thereto shall be reasonable and equitable, and no
735 such power or agreement shall be used or be effective in this
736 state unless filed with the office.

737 Section 18. Section 629.225, Florida Statutes, is created
738 to read:

739 629.225 Acquisitions.—The provisions of this section apply
740 to domestic reciprocal insurers and the attorney in fact of
741 domestic reciprocal insurers.

742 (1) A person may not, individually or in conjunction with
743 any affiliated person of such person, directly or indirectly,
744 conclude a tender offer or exchange offer for, enter into any
745 agreement to exchange securities for, or otherwise finally
746 acquire, 10 percent or more of the outstanding voting securities
747 of an attorney in fact which is a stock corporation or of a
748 controlling company of an attorney in fact which is a stock
749 corporation; or conclude an acquisition of, or otherwise finally
750 acquire, 10 percent or more of the ownership interest of an
751 attorney in fact which is not a stock corporation or of a
752 controlling company of an attorney which is not a stock
753 corporation, unless all of the following conditions are met:

754 (a) The person or affiliated person has filed with the

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755 office and sent to the principal office of the attorney in fact,
756 and any controlling company of the attorney in fact, the
757 subscribers' advisory committee, and the domestic reciprocal
758 insurer a letter of notification regarding the transaction or
759 proposed transaction no later than 5 days after any form of
760 tender offer or exchange offer is proposed, or no later than 5
761 days after the acquisition of the securities or ownership
762 interest if a tender offer or exchange offer is not involved.
763 The notification must be provided on forms prescribed by the
764 commission containing information determined necessary to
765 understand the transaction and identify all purchasers and
766 owners involved.

767 (b) The subscribers' advisory committee has provided the
768 notification required under paragraph (a) on a form prescribed
769 by the commission, explaining what the notification is and
770 letting the subscribers know of the filing deadlines for
771 objecting to the acquisition.

772 (c) The person or affiliated person has filed with the
773 office an application signed under oath and prepared on forms
774 prescribed by the commission which contains the information
775 specified in subsection (4). The application must be completed
776 and filed within 30 days after any form of tender offer or
777 exchange offer is proposed, or after the acquisition of the
778 securities if a tender offer or exchange offer is not involved.

779 (d) The office has approved the tender offer or exchange
780 offer, or acquisition if a tender offer or exchange offer is not
781 involved.

782 (2) This section does not apply to any acquisition of
783 voting securities or ownership interest of an attorney in fact

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784 or of a controlling company by any person who is the owner of a
785 majority of the voting securities or ownership interest with the
786 approval of the office under this section or s. 629.091.

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

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

806 (a) The identity and background information specified in s.
807 629.227 of:

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

810 2. Any person who controls, directly or indirectly, such
811 other person, including each director, officer, trustee,
812 partner, owner, manager, or joint venturer, or other person

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813 performing duties similar to those of persons in such positions,
814 for the person.

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

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

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

828 (e) The number of shares or other securities which the
829 person or affiliated person of such person proposes to acquire,
830 the terms of the proposed acquisition, and the manner in which
831 the securities are to be acquired.

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

841 (g) The filing must be accompanied by the fee required

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842 under s. 624.501(1)(a).

843 (5) If any material change occurs in the facts provided in
844 the application filed with the office pursuant to this section
845 or the background information required under s. 629.227, an
846 amendment specifying such changes must be filed immediately with
847 the office, and a copy of the amendment must be sent to the
848 principal office of the attorney in fact and to the principal
849 office of the controlling company.

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

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871 (b) During the pendency of the office's review of any
872 acquisition subject to the provisions of this section, the
873 acquiring person may not make any material change in the
874 operation of the attorney in fact or controlling company unless
875 the office has specifically approved the change, nor shall the
876 acquiring person make any material change in the management of
877 the attorney in fact unless advance written notice of the change
878 in management is furnished to the office. The term "material
879 change in the operation of the attorney in fact" means a
880 transaction that disposes of or obligates 5 percent or more of
881 the capital and surplus of the attorney in fact or of any
882 domestic reciprocal insurer. The term "material change in the
883 management of the attorney in fact" means any change in
884 management involving officers or directors of the attorney in
885 fact or any person of the attorney or controlling company having
886 authority to dispose of or obligate 5 percent or more of the
887 attorney in fact's capital or surplus. The office shall approve
888 a material change in operations if it finds the applicable
889 provisions of subsection (7) have been met. The office may
890 disapprove a material change in management if it finds that the
891 applicable provisions of subsection (7) have not been met and in
892 such case the attorney in fact shall promptly change management
893 as acceptable to the office.

894 (c) If a request for a proceeding is filed, the proceeding
895 must be conducted within 60 days after the date the written
896 request for a proceeding is received by the office. A
897 recommended order must be issued within 20 days after the date
898 of the close of the proceedings. A final order shall be issued
899 within 20 days after the date of the recommended order or, if

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900 exceptions to the recommended order are filed, within 20 days
901 after the date the exceptions are filed.

902 (7) The office may disapprove any acquisition subject to
903 this section by any person or any affiliated person of such
904 person who:

905 (a) Willfully violates this section;

906 (b) In violation of an order of the office issued pursuant
907 to subsection (11), fails to divest himself or herself of any
908 stock or ownership interest obtained in violation of this
909 section or fails to divest himself or herself of any direct or
910 indirect control of such stock or ownership interest, within 25
911 days after such order; or

912 (c) In violation of an order issued by the office pursuant
913 to subsection (12), acquires an additional stock or ownership
914 interest in an attorney in fact or controlling company or direct
915 or indirect control of such stock or ownership interest, without
916 complying with this section.

917 (8) The person or persons filing the application required
918 by this section have the burden of proof. The office shall
919 approve any such acquisition if it finds, on the basis of the
920 record made during any proceeding or on the basis of the filed
921 application if no proceeding is conducted, that:

922 (a) The financial condition of the acquiring person or
923 persons will not jeopardize the financial stability of the
924 attorney in fact or prejudice the interests of the reciprocal
925 insurer's subscribers or the public.

926 (b) Any plan or proposal which the acquiring person has, or
927 acquiring persons have, made:

928 1. To liquidate the attorney in fact, sell its assets, or

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929 merge or consolidate it with any person, or to make any other
930 major change in its business or corporate structure or
931 management is fair and free of prejudice to the reciprocal
932 insurer's subscribers or to the public; or

933 2. To liquidate any controlling company, sell its assets,
934 or merge or consolidate it with any person, or to make any major
935 change in its business or corporate structure or management
936 which would have an effect upon the attorney in fact, is fair
937 and free of prejudice to the reciprocal insurer's subscribers or
938 to the public.

939 (c) The competence, experience, and integrity of those
940 persons who will control directly or indirectly the operation of
941 the attorney in fact indicate that the acquisition is in the
942 best interest of the reciprocal insurer's subscribers and in the
943 public interest.

944 (d) The natural persons for whom background information is
945 required to be furnished pursuant to this section have such
946 backgrounds as to indicate that it is in the best interests of
947 the reciprocal insurer's subscribers and in the public interest
948 to permit such persons to exercise control over the attorney in
949 fact.

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

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958 (f) The management of the attorney in fact after the
959 acquisition will be competent, trustworthy, and will possess
960 sufficient managerial experience so as to make the proposed
961 operation of the attorney in fact not hazardous to the
962 insurance-buying public.

963 (g) The management of the attorney in fact after the
964 acquisition shall not include any person who has directly or
965 indirectly through ownership, control, reinsurance transactions,
966 or other insurance or business relations unlawfully manipulated
967 the assets, accounts, finances, or books of any insurer or
968 otherwise acted in bad faith with respect thereto.

969 (h) The acquisition is not likely to be hazardous or
970 prejudicial to the reciprocal insurer's subscribers or to the
971 public.

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

976 (9) A vote by the stockholder of record, or by any other
977 person, of any security acquired in contravention of this
978 section is not valid. Any acquisition contrary to this section
979 is void. Upon the petition of the attorney in fact, any or the
980 controlling company, or the reciprocal insurer the circuit court
981 for the county in which the principal office of the attorney in
982 fact is located may, without limiting the generality of its
983 authority, order the issuance or entry of an injunction or other
984 order to enforce this section. There shall be a private right of
985 action in favor of the attorney in fact, or controlling company,
986 to enforce this section. A demand upon the office that it

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987 performs its functions may not be required as a prerequisite to
988 any suit by the attorney in fact or controlling company against
989 any other person, and in no case shall the office be deemed a
990 necessary party to any action by the attorney in fact or
991 controlling company to enforce this section. Any person who
992 makes or proposes an acquisition requiring the filing of an
993 application pursuant to this section, or who files such an
994 application, shall be deemed to have thereby designated the
995 Chief Financial Officer, or his or her assistant or deputy or
996 another person in charge of his or her office, as such person's
997 agent for service of process under this section and shall
998 thereby be deemed to have submitted himself or herself to the
999 administrative jurisdiction of the office and to the
1000 jurisdiction of the circuit court.

1001 (10) Any approval by the office under this section does not
1002 constitute a recommendation by the office of the tender offer or
1003 exchange offer, or acquisition, if no tender offer or exchange
1004 offer is involved. It is unlawful for a person to represent that
1005 the office's approval constitutes a recommendation. A person who
1006 violates this subsection commits a felony of the third degree,
1007 punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
1008 The statute of limitations period for the prosecution of an
1009 offense committed under this subsection is 5 years.

1010 (11) A person may rebut a presumption of control by filing
1011 a disclaimer of control with the office on a form prescribed by
1012 the commission. The disclaimer must fully disclose all material
1013 relationships and bases for affiliation between the person and
1014 the attorney in fact as well as the basis for disclaiming the
1015 affiliation. In lieu of such form, a person or acquiring party

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1016 may file with the office a copy of a Schedule 13G filed with the
1017 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
1018 (c), 17 C.F.R. s. 240.13d-1, under the Securities Exchange Act
1019 of 1934, as amended. After a disclaimer has been filed, the
1020 attorney in fact is relieved of any duty to register or report
1021 under this section which may arise out of the attorney in fact's
1022 relationship with the person unless the office disallows the
1023 disclaimer.

1024 (12) If the office determines that any person or any
1025 affiliated person of such person has acquired 10 percent or more
1026 of the outstanding voting securities of an attorney in fact or
1027 controlling company which is a stock corporation, or 10 percent
1028 or more of the ownership interest of an attorney in fact or
1029 controlling company which is not a stock corporation, without
1030 complying with this section, the office may order that the
1031 person and any affiliated person of such person cease
1032 acquisition of the attorney in fact or controlling company and,
1033 if appropriate, divest itself of any stock or ownership interest
1034 acquired in violation of this section.

1035 (13) (a) The office shall, if necessary to protect the
1036 public interest, suspend or revoke the certificate of authority
1037 of the reciprocal insurer whose attorney in fact or controlling
1038 company is acquired in violation of this section.

1039 (b) If any reciprocal insurer is subject to suspension or
1040 revocation pursuant to paragraph (a), any other reciprocal
1041 insurer using the same attorney in fact shall also be subject to
1042 suspension or revocation. In such case, the office may offer any
1043 affected reciprocal insurer, through its subscriber
1044 representatives, the ability to cure any suspension or

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1045 revocation by procuring another attorney in fact acceptable to
1046 the office or taking any other action agreed to by the office.

1047 Section 19. Section 629.227, Florida Statutes, is created
1048 to read:

1049 629.227 Background information.—The information as to the
1050 background and identity of each person about whom information is
1051 required to be furnished pursuant to s. 629.081 or s. 629.225
1052 must include, but need not be limited to:

1053 (1) A sworn biographical statement on forms adopted by the
1054 commission that shall include, but not be limited to, the
1055 following information:

1056 (a) Occupations, positions of employment, and offices held
1057 during the past 20 years, including the principal business and
1058 address of any business, corporation, or organization where each
1059 occupation, position of employment, or office occurred.

1060 (b) Whether the person was, at any time during such 10-year
1061 period, convicted of any crime other than a traffic violation.

1062 (c) Whether the person has been, during such 10-year
1063 period, the subject of any proceeding for the revocation of any
1064 license and, if so, the nature of the proceeding and the
1065 disposition of the proceeding.

1066 (d) Whether, during such 10-year period, the person has
1067 been the subject of any proceeding under the federal Bankruptcy
1068 Act.

1069 (e) Whether, during such 10-year period, any person or
1070 other business or organization in which the person was a
1071 director, officer, trustee, partner, owner, manager, or other
1072 official has been subject of any proceeding under the federal
1073 Bankruptcy Act, either during the time of that person's tenure

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1074 with the business or organization or within 12 months
1075 thereafter.

1076 (f) Whether, during such 10-year period, the person has
1077 been enjoined, temporarily or permanently, by a court of
1078 competent jurisdiction from violating any federal or state law
1079 regulating the business of insurance, securities, or banking, or
1080 from carrying out any particular practice or practices in the
1081 course of the business of insurance, securities, or banking,
1082 together with details as to any such event.

1083 (g) Whether, during such 20-year period, the person served
1084 as the attorney in fact, a subscribers' advisory committee
1085 member, or any other manager or officer of a reciprocal insurer
1086 or an insurer that became insolvent or had its certificate of
1087 authority suspended or revoked.

1088 (2) Fingerprints of each person.

1089 (3) Authority for release of information in regard to the
1090 investigation of such person's background.

1091 (4) Any additional information as the office deems
1092 necessary to determine the character, experience, ability, and
1093 other qualifications of the person or affiliated person of such
1094 person for the protection of the reciprocal insurer's
1095 subscribers and of the public.

1096 Section 20. Section 629.229, Florida Statutes, is created
1097 to read:

1098 629.229 Attorney in fact, officers, and directors of
1099 insolvent reciprocal insurers or other insurers.—Any person who
1100 served as an attorney in fact, or as an officer, director, or
1101 manager of an attorney in fact, any member of a subscribers'
1102 advisory committee of a reciprocal insurer doing business in

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1103 this state, or an officer or director of any other insurer doing
 1104 business in this state, and who served in that capacity within
 1105 the 2-year period before the date the insurer or reciprocal
 1106 insurer became insolvent, for any insolvency that occurs on or
 1107 after July 1, 2024, may not thereafter:

1108 (1) Serve as an attorney in fact, or as an officer,
 1109 director, or manager of an attorney in fact, or a member of a
 1110 subscribers advisory committee of a reciprocal insurer doing
 1111 business in this state, or an officer or director of any other
 1112 insurer doing business in this state; or

1113 (2) Have direct or indirect control over the selection or
 1114 appointment of an attorney in fact, or of an officer, director,
 1115 or manager of an attorney in fact, or a member of the
 1116 subscribers committee of a reciprocal insurer doing business in
 1117 this state, or an officer or director of any insurer doing
 1118 business in this state, through contract, trust, or by operation
 1119 of law,

1120
 1121 unless the individual demonstrates that his or her personal
 1122 actions or omissions were not a significant contributing cause
 1123 to the insolvency.

1124 Section 21. Section 629.261, Florida Statutes, is amended
 1125 to read:

1126 629.261 Nonassessable policies.—Upon impairment of the
 1127 surplus of a nonassessable reciprocal insurer, the office shall
 1128 revoke the authorization issued under s. 629.291(5) or s.
 1129 629.091(3).

1130 ~~(1) If a reciprocal insurer has a surplus as to~~
 1131 ~~policyholders required of a domestic stock insurer authorized to~~

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1132 ~~transact like kinds of insurance, upon application of the~~
1133 ~~attorney and as approved by the subscribers' advisory committee~~
1134 ~~the office shall issue its certificate authorizing the insurer~~
1135 ~~to extinguish the contingent liability of subscribers under its~~
1136 ~~policies then in force in this state and to omit provisions~~
1137 ~~imposing contingent liability in all policies delivered or~~
1138 ~~issued for delivery in this state for so long as all such~~
1139 ~~surplus remains unimpaired.~~

1140 ~~(2) Upon impairment of such surplus, the office shall~~
1141 ~~forthwith revoke the certificate. Such revocation does shall not~~
1142 ~~render subject to contingent liability any policy then in force~~
1143 ~~and for the remainder of the period for which the premium has~~
1144 ~~theretofore been paid; but, after such revocation, no policy~~
1145 ~~shall be issued or renewed without providing for contingent~~
1146 ~~assessment liability of the subscriber.~~

1147 ~~(3) The office shall not authorize a domestic reciprocal~~
1148 ~~insurer so to extinguish the contingent liability of any of its~~
1149 ~~subscribers or in any of its policies to be issued, unless it~~
1150 ~~qualifies to and does extinguish such liability of all its~~
1151 ~~subscribers and in all such policies for all kinds of insurance~~
1152 ~~transacted by it; except that, if required by the laws of~~
1153 ~~another state in which the insurer is transacting insurance as~~
1154 ~~an authorized insurer, the insurer may issue policies providing~~
1155 ~~for the contingent liability of such of its subscribers as may~~
1156 ~~acquire such policies in such state, and need not extinguish the~~
1157 ~~contingent liability applicable to policies theretofore in force~~
1158 ~~in such state.~~

1159 Section 22. Section 629.291, Florida Statutes, is amended
1160 to read:

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1161 629.291 Merger or conversion.—

1162 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote of
1163 not less than two-thirds of its subscribers who vote on such
1164 merger pursuant to due notice, and subject to the approval by ~~of~~
1165 ~~the~~ office of the terms therefor, may merge with another
1166 reciprocal insurer or be converted to a stock or mutual insurer,
1167 to be thereafter governed by the applicable sections of the
1168 insurance code. However, a domestic stock insurer may not
1169 convert to a reciprocal insurer.

1170 (2) A plan to merge a reciprocal insurer with another
1171 reciprocal insurer or for conversion of the reciprocal insurer
1172 to a stock or mutual insurer shall be filed on forms adopted by
1173 the office and contain such information as the office reasonably
1174 requires to evaluate the transaction ~~Such a stock or mutual~~
1175 ~~insurer shall be subject to the same capital or surplus~~
1176 ~~requirements and shall have the same rights as a like domestic~~
1177 ~~insurer transacting like kinds of insurance.~~

1178 (3) The office may ~~shall~~ not approve any plan for such
1179 merger or conversion which is inequitable to subscribers or
1180 which, if for conversion to a stock insurer, does not give each
1181 subscriber preferential right to acquire stock of the proposed
1182 insurer proportionate to his or her interest in the reciprocal
1183 insurer, as determined in accordance with s. 629.281, and a
1184 reasonable length of time within which to exercise such right.

1185 (4) Reinsurance of all or substantially all of the
1186 insurance in force of a ~~domestic~~ reciprocal insurer in another
1187 insurer shall be deemed to be a merger for the purposes of this
1188 section.

1189 (5) (a) An assessable reciprocal insurer may convert to a

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1190 nonassessable reciprocal insurer if:

1191 1. The subscribers' advisory committee approves the
1192 conversion;

1193 2. The attorney in fact submits the application for
1194 conversion on the required application form; and

1195 3. The office finds that the application for conversion
1196 meets the minimum statutory requirements.

1197 (b) If the office approves the application for conversion,
1198 the assessable reciprocal insurer may convert to a nonassessable
1199 reciprocal insurer by:

1200 1. Extinguishing the contingent liability of subscribers
1201 under all policies then in force in this state;

1202 2. Omitting contingent liability provisions in all policies
1203 delivered or issued in this state after the conversion; and

1204 3. Otherwise extinguishing the contingent liability of all
1205 of its subscribers. However, if the reciprocal insurer is
1206 transacting insurance as an authorized insurer in another state
1207 and that state's laws require the insurer to issue policies with
1208 contingent liability provisions, the insurer may issue
1209 contingent liability policies in that other state.

1210 (c) If the surplus of the reciprocal insurer becomes
1211 impaired, the insurer may no longer issue nonassessable policies
1212 or convert assessable policies to nonassessable policies, and
1213 the provisions of s. 629.301 shall apply.

1214 Section 23. Section 629.525, Florida Statutes, is created
1215 to read:

1216 629.525 Rulemaking authority.—The commission shall adopt,
1217 amend, or repeal rules necessary to implement this chapter.

1218 Section 24. Paragraph (h) of subsection (3) of section

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1219 163.01, Florida Statutes, is amended to read:

1220 163.01 Florida Interlocal Cooperation Act of 1969.—

1221 (3) As used in this section:

1222 (h) "Local government liability pool" means a reciprocal
1223 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
1224 insurance program created pursuant to s. 768.28(16), formed and
1225 controlled by counties or municipalities of this state to
1226 provide liability insurance coverage for counties,
1227 municipalities, or other public agencies of this state, which
1228 pool may contract with other parties for the purpose of
1229 providing claims administration, processing, accounting, and
1230 other administrative facilities.

1231 Section 25. Subsection (3) of section 626.9531, Florida
1232 Statutes, is amended to read:

1233 626.9531 Identification of insurers, agents, and insurance
1234 contracts.—

1235 (3) For the purposes of this section, the term "risk
1236 bearing entity" means a reciprocal insurer as defined in s.
1237 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
1238 in s. 624.462, a group self-insurance fund as defined in s.
1239 624.4621, a local government self-insurance fund as defined in
1240 s. 624.4622, a self-insured public utility as defined in s.
1241 624.46225, or an independent educational institution self-
1242 insurance fund as defined in s. 624.4623. For the purposes of
1243 this section, the term "risk bearing entity" does not include an
1244 authorized insurer as defined in s. 624.09.

1245 Section 26. This act shall take effect July 1, 2024.