

By the Committees on Fiscal Policy; and 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 beginning on a specified date, requiring insurers and
7 insurer groups to file a specified supplemental report
8 on a monthly basis; requiring that such report include
9 certain information for each zip code; amending s.
10 624.4305, F.S.; authorizing the Financial Services
11 Commission to adopt rules related to notice of
12 nonrenewal of residential property insurance policies;
13 amending s. 624.46226, F.S.; revising the requirements
14 for public housing authority self-insurance funds;
15 amending s. 626.9201, F.S.; prohibiting insurers from
16 canceling or nonrenewing certain insurance policies
17 under certain circumstances; providing exceptions;
18 providing construction; authorizing the commission to
19 adopt rules and the Commissioner of Insurance
20 Regulation to issue orders; amending s. 627.062, F.S.;
21 specifying requirements for rate filings if certain
22 models are used; amending s. 627.351, F.S.; revising
23 requirements for certain policies that are not subject
24 to certain rate increase limitations; amending s.
25 627.7011, F.S.; revising the definition of the term
26 "authorized inspector"; amending s. 628.011, F.S.;
27 conforming provisions to changes made by the act;
28 amending s. 628.061, F.S.; conforming a provision to
29 changes made by the act; revising the persons that the

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

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59 eligibility for a certificate of authority; amending
60 s. 629.101, F.S.; revising requirements for the power
61 of attorney given by subscribers of a domestic
62 reciprocal insurer to its attorney in fact; requiring
63 that such power of attorney contain certain
64 provisions; creating s. 629.225, F.S.; providing
65 applicability; prohibiting persons from concluding a
66 tender offer or exchange offer or acquiring securities
67 of certain attorneys in fact and controlling companies
68 of certain attorneys in fact; providing an exception;
69 providing applicability; authorizing certain persons
70 to request that the office waive certain requirements;
71 providing that the office may waive certain
72 requirements if specified determinations are made;
73 specifying the requirements of an application to the
74 office relating to certain acquisitions; requiring
75 that such application be accompanied by a specified
76 fee; requiring that amendments be filed with the
77 office under certain circumstances; specifying the
78 manner in which the acquisition application must be
79 reviewed; authorizing the office, and requiring the
80 office if a request for a proceeding is filed, to
81 conduct a proceeding within a specified timeframe to
82 consider the appropriateness of such application;
83 requiring that certain time periods be tolled;
84 requiring that written requests for a proceeding be
85 filed within a certain timeframe; authorizing certain
86 persons to take all steps to conclude the acquisition
87 during the pendency of the proceeding or review

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

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117 office; providing that approval by the office does not
118 constitute a certain recommendation; providing that
119 certain actions are unlawful; providing criminal
120 penalties; providing a statute of limitations;
121 authorizing a person to rebut a presumption of control
122 by filing certain disclaimers; specifying the contents
123 of such disclaimer; specifying that, after a
124 disclaimer is filed, the attorney in fact is relieved
125 of a certain duty; authorizing the office to order
126 certain persons to cease acquisition of the attorney
127 in fact or controlling company and divest themselves
128 of any stock or ownership interest under certain
129 circumstances; requiring the office to suspend or
130 revoke the reciprocal certificate of authority under
131 certain circumstances; creating s. 629.227, F.S.;
132 specifying the information as to the background and
133 identity of certain persons which must be furnished by
134 such persons; creating s. 629.229, F.S.; prohibiting
135 certain persons who served in certain capacities
136 before a specified date from serving in certain other
137 roles or having certain control over certain
138 selections; providing an exception; amending s.
139 629.261, F.S.; requiring the office to revoke certain
140 authorization under certain circumstances; prohibiting
141 insurers subject to such action from issuing or
142 renewing nonassessable policies or converting
143 assessable policies to nonassessable policies;
144 providing that specified provisions apply to such
145 insurers; deleting provisions regarding the office's

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146 authority to issue a certificate authorizing the
147 insurer to extinguish the contingent liability of
148 subscribers; deleting a prohibition regarding the
149 office's authorization to extinguish the contingent
150 liability of certain subscribers; amending s. 629.291,
151 F.S.; providing that certain insurers that merge are
152 governed by the insurance code; prohibiting domestic
153 stock insurers from being converted to reciprocal
154 insurers; requiring that specified plans be filed with
155 the office and that such plans contain certain
156 information; deleting a provision regarding a stock or
157 mutual insurer's capital and surplus requirements and
158 rights; authorizing the conversion of assessable
159 reciprocal insurers to nonassessable reciprocal
160 insurers under certain circumstances; creating s.
161 629.525, F.S.; requiring the commission to adopt,
162 amend, or repeal certain rules; amending ss. 163.01
163 and 626.9531, F.S.; conforming cross-references;
164 providing effective dates.

165

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

167

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

170 624.3161 Market conduct examinations.—

171 (1) As often as it deems necessary, the office shall
172 examine each licensed rating organization, each advisory
173 organization, each group, association, carrier, as defined in s.
174 440.02, or other organization of insurers which engages in joint

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175 underwriting or joint reinsurance, the attorney in fact of each
176 reciprocal insurer, and each authorized insurer transacting in
177 this state any class of insurance to which the provisions of
178 chapter 627 are applicable. The examination shall be for the
179 purpose of ascertaining compliance by the person examined with
180 the applicable provisions of chapters 440, 624, 626, 627, and
181 635.

182 Section 2. Paragraph (a) of subsection (10) of section
183 624.424, Florida Statutes, is amended to read:

184 624.424 Annual statement and other information.-

185 (10) (a) By January 1, 2025, and each month thereafter, each
186 insurer or insurer group doing business in this state shall file
187 on a monthly ~~quarterly~~ basis ~~in conjunction with financial~~
188 ~~reports required by paragraph (1)(a)~~ a supplemental report on an
189 individual and group basis on a form prescribed by the
190 commission with information on personal lines and commercial
191 lines residential property insurance policies in this state. The
192 supplemental report must ~~shall~~ include separate information for
193 personal lines property policies and for commercial lines
194 property policies and totals for each item specified, including
195 premiums written for each of the property lines of business as
196 described in ss. 215.555(2)(c) and 627.351(6)(a). The report
197 must ~~shall~~ include the following information for each zip code
198 ~~county on a monthly basis~~:

- 199 1. Total number of policies in force at the end of each
200 month.
- 201 2. Total number of policies canceled.
- 202 3. Total number of policies nonrenewed.
- 203 4. Number of policies canceled due to hurricane risk.

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- 204 5. Number of policies nonrenewed due to hurricane risk.
205 6. Number of new policies written.
206 7. Total dollar value of structure exposure under policies
207 that include wind coverage.
208 8. Number of policies that exclude wind coverage.
209 9. Number of claims open each month.
210 10. Number of claims closed each month.
211 11. Number of claims pending each month.
212 12. Number of claims in which either the insurer or insured
213 invoked any form of alternative dispute resolution, and
214 specifying which form of alternative dispute resolution was
215 used.

216 Section 3. Section 624.4305, Florida Statutes, is amended
217 to read:

218 624.4305 Nonrenewal of residential property insurance
219 policies.—Any insurer planning to nonrenew more than 10,000
220 residential property insurance policies in this state within a
221 12-month period shall give notice in writing to the Office of
222 Insurance Regulation for informational purposes 90 days before
223 the issuance of any notices of nonrenewal. The notice provided
224 to the office must set forth the insurer's reasons for such
225 action, the effective dates of nonrenewal, and any arrangements
226 made for other insurers to offer coverage to affected
227 policyholders. The commission may adopt rules to administer this
228 section.

229 Section 4. Effective upon becoming a law, paragraph (d) of
230 subsection (1) of section 624.46226, Florida Statutes, is
231 amended to read:

232 624.46226 Public housing authorities self-insurance funds;

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233 exemption for taxation and assessments.—

234 (1) Notwithstanding any other provision of law, any two or
235 more public housing authorities in the state as defined in
236 chapter 421 may form a self-insurance fund for the purpose of
237 pooling and spreading liabilities of its members as to any one
238 or combination of casualty risk or real or personal property
239 risk of every kind and every interest in such property against
240 loss or damage from any hazard or cause and against any loss
241 consequential to such loss or damage, provided the self-
242 insurance fund that is created:

243 (d) Maintains a continuing program of excess insurance
244 coverage and reinsurance ~~reserve evaluation~~ to protect the
245 financial stability of the fund ~~in an amount and manner~~
246 ~~determined by a qualified and independent actuary.~~ The program
247 must, at a minimum, ~~this program must:~~

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

251 2. Include reinsurance or ~~Purchase~~ excess insurance from
252 authorized insurance carriers or eligible surplus lines
253 insurers; ~~and-~~

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

258 2. ~~Retain a per-loss occurrence that does not exceed~~
259 ~~\$350,000.~~

260
261 A for-profit or not-for-profit corporation, limited liability

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262 company, or other similar business entity in which a public
263 housing authority holds an ownership interest or participates in
264 its governance under s. 421.08(8) may join a self-insurance fund
265 formed under this section in which such public housing authority
266 participates. Such for-profit or not-for-profit corporation,
267 limited liability company, or other similar business entity may
268 join the self-insurance fund solely to insure risks related to
269 public housing.

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

272 626.9201 Notice of cancellation or nonrenewal.—

273 (2) An insurer issuing a policy providing coverage for
274 property, casualty, surety, or marine insurance must give the
275 named insured written notice of cancellation or termination
276 other than nonrenewal at least 45 days before the effective date
277 of the cancellation or termination, including in the written
278 notice the reasons for the cancellation or termination, except
279 that:

280 (a) If cancellation is for nonpayment of premium, at least
281 10 days' written notice of cancellation accompanied by the
282 reason for cancellation must be given. As used in this
283 paragraph, the term "nonpayment of premium" means the failure of
284 the named insured to discharge when due any of his or her
285 obligations in connection with the payment of premiums on a
286 policy or an installment of such a premium, whether the premium
287 or installment is payable directly to the insurer or its agent
288 or indirectly under any plan for financing premiums or extension
289 of credit or the failure of the named insured to maintain
290 membership in an organization if such membership is a condition

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291 precedent to insurance coverage. The term also includes the
292 failure of a financial institution to honor the check of an
293 applicant for insurance which was delivered to a licensed agent
294 for payment of a premium, even if the agent previously delivered
295 or transferred the premium to the insurer. If a correctly
296 dishonored check represents payment of the initial premium, the
297 contract and all contractual obligations are void ab initio
298 unless the nonpayment is cured within the earlier of 5 days
299 after actual notice by certified mail is received by the
300 applicant or 15 days after notice is sent to the applicant by
301 certified mail or registered mail, and, if the contract is void,
302 any premium received by the insurer from a third party must
303 ~~shall~~ be refunded to that party in full; ~~and~~

304 (b) If cancellation or termination occurs during the first
305 90 days during which the insurance is in force and if the
306 insurance is canceled or terminated for reasons other than
307 nonpayment, at least 20 days' written notice of cancellation or
308 termination accompanied by the reason for cancellation or
309 termination must be given, except if there has been a material
310 misstatement or misrepresentation or failure to comply with the
311 underwriting requirements established by the insurer; and

312 (c)1. Upon a declaration of an emergency pursuant to s.
313 252.36 and the filing of an order by the Commissioner of
314 Insurance Regulation, an insurer may not cancel or nonrenew a
315 personal residential or commercial residential property
316 insurance policy covering a dwelling or residential property
317 located in this state which has been damaged as a result of a
318 hurricane or wind loss that is the subject of the declaration of
319 emergency for 90 days after the dwelling or residential property

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320 has been repaired. A dwelling or residential property is deemed
321 to be repaired when substantially completed and restored to the
322 extent that the dwelling or residential property is insurable by
323 another insurer that is writing policies in this state.

324 2. However, an insurer or its agent may cancel or nonrenew
325 such a policy before the repair of the dwelling or residential
326 property:

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

328 b. Upon 45 days' notice:

329 (I) For a material misstatement or fraud related to the
330 claim;

331 (II) If the insurer determines that the insured has
332 unreasonably caused a delay in the repair of the dwelling or
333 residential property;

334 (III) If the insurer or its agent makes a reasonable
335 written inquiry to the insured as to the status of repairs, sent
336 by certified mail, return receipt requested, and the insured
337 fails within 30 calendar days to provide information that is
338 responsive to the inquiry to either the address or e-mail
339 account designated by the insurer; or

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

341 3. If the insurer elects to nonrenew a policy covering a
342 property that has been damaged, the insurer must provide at
343 least 90 days' notice to the insured that the insurer intends to
344 nonrenew the policy 90 days after the dwelling or residential
345 property has been repaired.

346 4. This paragraph does not prevent the insurer from
347 canceling or nonrenewing the policy 90 days after the repair is
348 completed for the same reasons the insurer would otherwise have

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349 canceled or nonrenewed the policy but for the limitations of
350 subparagraph 1.

351 5. The Financial Services Commission may adopt rules, and
352 the Commissioner of Insurance Regulation may issue orders,
353 necessary to implement this paragraph.

354 Section 6. Paragraph (j) of subsection (2) of section
355 627.062, Florida Statutes, is amended to read:

356 627.062 Rate standards.—

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

358 (j) With respect to residential property insurance rate
359 filings, the rate filing:

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

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

366 If an averaged model is used under this section, the same
367 averaged model must be used throughout this state. If a weighted
368 average is used, the insurer must provide the office with an
369 actuarial justification for using the weighted average which
370 shows that the weighted average results in a rate that is
371 reasonable, adequate, and fair.

372

373 The provisions of this subsection do not apply to workers'
374 compensation, employer's liability insurance, and motor vehicle
375 insurance.

376 Section 7. Paragraph (n) of subsection (6) of section
377 627.351, Florida Statutes, is amended to read:

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378 627.351 Insurance risk apportionment plans.—
379 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—
380 (n)1. Rates for coverage provided by the corporation must
381 be actuarially sound pursuant to s. 627.062 and not competitive
382 with approved rates charged in the admitted voluntary market so
383 that the corporation functions as a residual market mechanism to
384 provide insurance only when insurance cannot be procured in the
385 voluntary market, except as otherwise provided in this
386 paragraph. The office shall provide the corporation such
387 information as would be necessary to determine whether rates are
388 competitive. The corporation shall file its recommended rates
389 with the office at least annually. The corporation shall provide
390 any additional information regarding the rates which the office
391 requires. The office shall consider the recommendations of the
392 board and issue a final order establishing the rates for the
393 corporation within 45 days after the recommended rates are
394 filed. The corporation may not pursue an administrative
395 challenge or judicial review of the final order of the office.
396 2. In addition to the rates otherwise determined pursuant
397 to this paragraph, the corporation shall impose and collect an
398 amount equal to the premium tax provided in s. 624.509 to
399 augment the financial resources of the corporation.
400 3. After the public hurricane loss-projection model under
401 s. 627.06281 has been found to be accurate and reliable by the
402 Florida Commission on Hurricane Loss Projection Methodology, the
403 model shall be considered when establishing the windstorm
404 portion of the corporation's rates. The corporation may use the
405 public model results in combination with the results of private
406 models to calculate rates for the windstorm portion of the

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407 corporation's rates. This subparagraph does not require or allow
408 the corporation to adopt rates lower than the rates otherwise
409 required or allowed by this paragraph.

410 4. The corporation must make a recommended actuarially
411 sound rate filing for each personal and commercial line of
412 business it writes.

413 5. Notwithstanding the board's recommended rates and the
414 office's final order regarding the corporation's filed rates
415 under subparagraph 1., the corporation shall annually implement
416 a rate increase which, except for sinkhole coverage, does not
417 exceed the following for any single policy issued by the
418 corporation, excluding coverage changes and surcharges:

419 a. Twelve percent for 2023.

420 b. Thirteen percent for 2024.

421 c. Fourteen percent for 2025.

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

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

426 7. The corporation's implementation of rates as prescribed
427 in subparagraphs 5. and 8. shall cease for any line of business
428 written by the corporation upon the corporation's implementation
429 of actuarially sound rates. Thereafter, the corporation shall
430 annually make a recommended actuarially sound rate filing that
431 is not competitive with approved rates in the admitted voluntary
432 market for each commercial and personal line of business the
433 corporation writes.

434 8. ~~The following~~ New or renewal personal lines policies
435 that do not cover a primary residence ~~written on or after~~

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436 ~~November 1, 2023,~~ are not subject to the rate increase
437 limitations in subparagraph 5., but may not be charged more than
438 50 percent above, nor less than, the prior year's established
439 rate for the corporation.

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

441 ~~b. New policies under which the coverage for the insured~~
442 ~~risk, before the date of application with the corporation, was~~
443 ~~last provided by an insurer determined by the office to be~~
444 ~~unsound or an insurer placed in receivership under chapter 631;~~
445 ~~or~~

446 ~~e. Subsequent renewals of those policies, including the new~~
447 ~~policies in sub-subparagraph b., under which the coverage for~~
448 ~~the insured risk, before the date of application with the~~
449 ~~corporation, was last provided by an insurer determined by the~~
450 ~~office to be unsound or an insurer placed in receivership under~~
451 ~~chapter 631.~~

452 9. As used in this paragraph, the term "primary residence"
453 means the dwelling that is the policyholder's primary home or is
454 a rental property that is the primary home of the tenant, and
455 which the policyholder or tenant occupies for more than 9 months
456 of each year.

457 Section 8. Paragraph (a) of subsection (5) of section
458 627.7011, Florida Statutes, is amended to read:

459 627.7011 Homeowners' policies; offer of replacement cost
460 coverage and law and ordinance coverage.—

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

464 1. A home inspector licensed under s. 468.8314;

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- 465 2. A building code inspector certified under s. 468.607;
466 3. A general, building, or residential contractor licensed
467 under s. 489.111 or a roofing contractor;
468 4. A professional engineer licensed under s. 471.015;
469 5. A professional architect licensed under s. 481.213; or
470 6. Any other individual or entity recognized by the insurer
471 as possessing the necessary qualifications to properly complete
472 a general inspection of a residential structure insured with a
473 homeowner's insurance policy.

474 Section 9. Section 628.011, Florida Statutes, is amended to
475 read:

476 628.011 Scope of part.—This part applies only to domestic
477 ~~stock~~ insurers, mutual insurers, and captive insurers, except
478 that s. 628.341(2) applies also as to foreign and alien
479 insurers.

480 Section 10. Section 628.061, Florida Statutes, is amended
481 to read:

482 628.061 Investigation of proposed organization.—In
483 connection with any proposal to organize or incorporate a
484 domestic insurer, the office shall make an investigation of:

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

488 (2) The character, financial responsibility, insurance
489 experience, and business qualifications of its proposed
490 officers, members of its subscribers' advisory committee, or
491 officers of its attorney in fact.

492 (3) The character, financial responsibility, business
493 experience, and standing of the proposed stockholders and

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494 directors, including the stockholders and directors of any
495 attorney in fact.

496 Section 11. Subsections (1), (2), and (5) of section
497 628.801, Florida Statutes, are amended to read:

498 628.801 Insurance holding companies; registration;
499 regulation.—

500 (1) An insurer that is authorized to do business in this
501 state and that is a member of an insurance holding company
502 shall, on or before April 1 of each year, register with the
503 office and file a registration statement and be subject to
504 regulation with respect to its relationship to the holding
505 company as provided by law or rule. The commission shall adopt
506 rules establishing the information and statement form required
507 for registration and the manner in which registered insurers and
508 their affiliates are regulated. The rules apply to domestic
509 insurers, foreign insurers, and commercially domiciled insurers,
510 except for foreign insurers domiciled in states that are
511 currently accredited by the NAIC. Except to the extent of any
512 conflict with this code, the rules must include all requirements
513 and standards of the Insurance Holding Company System Model
514 Regulation and ss. 4 and 5 of the Insurance Holding Company
515 System Regulatory Act ~~and the Insurance Holding Company System~~
516 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
517 The commission may adopt subsequent amendments thereto if the
518 methodology remains substantially consistent. The rules may
519 include a prohibition on oral contracts between affiliated
520 entities. Material transactions between an insurer and its
521 affiliates must ~~shall~~ be filed with the office as provided by
522 rule.

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

536 (a) An insurer may satisfy this requirement by providing
537 the office with the most recently filed parent corporation
538 reports that have been filed with the Securities and Exchange
539 Commission which provide the appropriate enterprise risk
540 information.

541 (b) The term "enterprise risk" means an activity, a
542 circumstance, an event, or a series of events involving one or
543 more affiliates of an insurer which, if not remedied promptly,
544 are likely to have a materially adverse effect upon the
545 financial condition or liquidity of the insurer or its insurance
546 holding company system as a whole, including anything that would
547 cause the insurer's risk-based capital to fall into company
548 action level as set forth in s. 624.4085 or would cause the
549 insurer to be in a hazardous financial condition.

550 (c) The commission may adopt rules for filing the annual
551 enterprise risk report in accordance with the Insurance Holding

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552 Company System Regulatory Act and the Insurance Holding Company
553 System Model Regulation of the NAIC, as adopted in December
554 2020.

555 (5) ~~Effective January 1, 2015,~~ The failure to file a
556 registration statement, or a summary of the registration
557 statement, or the enterprise risk filing report required by this
558 section within the time specified for filing is a violation of
559 this section.

560 Section 12. Section 629.011, Florida Statutes, is amended
561 to read:

562 629.011 Definitions ~~"Reciprocal insurance" defined.~~ As used
563 in this part, the term:

564 (1) "Affiliated person" of another person means any of the
565 following:

566 (a) The spouse of the other person.

567 (b) The parents of the other person, and their lineal
568 descendants, and the parents of the other person's spouse, and
569 their lineal descendants.

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

573 (d) A person who directly or indirectly owns 10 percent or
574 more of the outstanding voting securities that are directly or
575 indirectly owned or controlled, or held with power to vote, by
576 the other person.

577 (e) A person or group of persons who directly or indirectly
578 control, are controlled by, or are under common control with the
579 other person.

580 (f) A director, an officer, a trustee, a partner, an owner,

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581 a manager, a joint venturer, an employee, or other person
582 performing duties similar to those of persons in such positions.

583 (g) If the other person is an investment company, any
584 investment adviser of such company or any member of an advisory
585 board of such company.

586 (h) If the other person is an unincorporated investment
587 company not having a board of directors, the depositor of such
588 company.

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

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

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

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

599 (3) "Controlling company" means a person, a corporation, a
600 trust, a limited liability company, an association, or another
601 entity owning, directly or indirectly, 10 percent or more of the
602 voting securities of one or more attorneys in fact that are
603 stock corporations, or 10 percent or more of the ownership
604 interest of one or more attorneys in fact that are not stock
605 corporations.

606 (4) "Reciprocal insurance" means ~~is~~ that resulting from an
607 interexchange among persons, known as "subscribers," of
608 reciprocal agreements of indemnity, the interexchange being
609 effectuated through an "attorney in fact" common to all such

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610 persons.

611 (5) "Reciprocal insurer" means unincorporated aggregation
612 of subscribers operating individually and collectively through
613 an attorney in fact to provide reciprocal insurance among
614 themselves.

615 Section 13. Section 629.021, Florida Statutes, is repealed.

616 Section 14. Section 629.061, Florida Statutes, is repealed.

617 Section 15. Section 629.081, Florida Statutes, is amended
618 to read:

619 629.081 Organization of reciprocal insurer.—

620 (1) Twenty-five or more persons domiciled in this state may
621 organize a domestic reciprocal insurer by making application to
622 the office for a permit to do so. A domestic reciprocal insurer
623 may not be formed unless the persons so proposing have first
624 received a permit from the office and ~~make application to the~~
625 ~~office for a certificate of authority to transact insurance.~~

626 (2) The permit application, to be filed by the organizers
627 or the proposed attorney in fact, must be in writing and made in
628 accordance with forms prescribed by the commission. In addition
629 to any applicable requirements of s. 628.051 or other relevant
630 statutes, the application must include all of the following
631 ~~shall fulfill the requirements of and shall execute and file~~
632 ~~with the office, when applying for a certificate of authority, a~~
633 declaration setting forth:

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

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

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639 (c) The kinds of insurance proposed to be transacted.‡

640 (d) The names and addresses of the original 25 or more
641 subscribers.‡

642 (e) The proposed designation and appointment of the
643 proposed attorney in fact and a copy of the proposed power of
644 attorney.‡

645 (f) The names and addresses of the officers and directors
646 of the proposed attorney in fact, if a corporation, or of its
647 members, if other than a corporation, as well as the background
648 information as specified in s. 629.227 for all officers,
649 directors, and equivalent positions of the proposed attorney in
650 fact as well as for any person with ownership interests of 10
651 percent or more in the proposed attorney in fact.‡

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

655 (h) ~~(g)~~ The proposed charter powers of the subscribers'
656 advisory committee, and the names and terms of office of the
657 members thereof as well as the background information as
658 specified in s. 629.227 for each proposed member.‡

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

663 (i) A copy of the proposed subscribers' agreement.‡

664 ~~(j) A statement that each of the original subscribers has~~
665 ~~in good faith applied for insurance of a kind proposed to be~~
666 ~~transacted, and that the insurer has received from each such~~
667 ~~subscriber the full premium or premium deposit required for the~~

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668 ~~policy applied for, for a term of not less than 6 months at an~~
669 ~~adequate rate theretofore filed with and approved by the office;~~

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

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

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

678 (4) The office shall evaluate and grant or deny the permit
679 application in accordance with ss. 628.061 and 628.071 and other
680 relevant provisions of the code.

681
682 ~~Such declaration shall be acknowledged by the attorney before an~~
683 ~~officer authorized to take acknowledgments.~~

684 Section 16. Section 629.091, Florida Statutes, is amended
685 to read:

686 629.091 Reciprocal certificate of authority.—

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

689 (2) To apply for a certificate of authority as a domestic
690 reciprocal insurer, the attorney in fact of an applicant who has
691 previously received a permit from the office may file an
692 application for a certificate of authority in accordance with
693 forms prescribed by the commission that, in addition to
694 applicable requirements of ss. 624.404, 624.411, and 624.413 and
695 other relevant statutes, consist of all of the following:

696 (a) Executed copies of any proposed or draft documents

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697 required as part of the permit application.

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

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

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

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

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

715 (3) If the reciprocal insurer intends to issue
716 nonassessable policies upon the receipt of a certificate of
717 authority, and the office determines that the reciprocal insurer
718 meets the legal requirements to issue nonassessable policies,
719 including the surplus requirements, the office must grant
720 authorization to issue nonassessable policies.

721 (4) The certificate of authority ~~of a reciprocal insurer~~
722 shall be issued ~~to its attorney~~ in the name of the reciprocal
723 insurer to its attorney in fact.

724 Section 17. Section 629.094, Florida Statutes, is created
725 to read:

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726 629.094 Continued eligibility for certificate of
727 authority.—In order to maintain its eligibility for a
728 certificate of authority, a domestic reciprocal insurer shall
729 continue to meet all applicable conditions required for
730 receiving the initial permit and certificate of authority under
731 this code and the rules adopted thereunder.

732 Section 18. Section 629.101, Florida Statutes, is amended
733 to read:

734 629.101 Power of attorney.—

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

738 (2) The power of attorney must set forth all of the
739 following:

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

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

744 (c) The place where the office of the attorney in fact is
745 maintained.

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

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

750 (f) ~~(d)~~ The maximum amount to be deducted from advance
751 premiums or deposits to be paid to the attorney in fact and the
752 general items of expense in addition to losses, to be paid by
753 the insurer.† ~~and~~

754 (g) ~~(e)~~ Except as to nonassessable policies, a provision for

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755 a contingent several liability of each subscriber in a specified
756 amount, which amount may ~~shall be~~ not be less than 5 or ~~nor~~ more
757 than 10 times the premium or premium deposit stated in the
758 policy.

759 (3) The power of attorney may do all of the following:

760 (a) Provide for the right of substitution of the attorney
761 in fact and revocation of the power of attorney and rights
762 thereunder.~~†~~

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

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

767 (4) (d) The power of attorney must contain other lawful
768 provisions deemed advisable.

769 (5) (4) The terms of any power of attorney or agreement
770 collateral thereto must ~~shall~~ be reasonable and equitable, and
771 no such power or agreement may ~~shall~~ be used or be effective in
772 this state unless filed with the office.

773 Section 19. Section 629.225, Florida Statutes, is created
774 to read:

775 629.225 Acquisitions.—The provisions of this section apply
776 to domestic reciprocal insurers and the attorney in fact of
777 domestic reciprocal insurers.

778 (1) A person may not, individually or in conjunction with
779 any affiliated person of such person, directly or indirectly,
780 conclude a tender offer or exchange offer for, enter into any
781 agreement to exchange securities for, or otherwise finally
782 acquire, 10 percent or more of the outstanding voting securities
783 of an attorney in fact which is a stock corporation or of a

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784 controlling company of an attorney in fact which is a stock
785 corporation; or conclude an acquisition of, or otherwise finally
786 acquire, 10 percent or more of the ownership interest of an
787 attorney in fact which is not a stock corporation or of a
788 controlling company of an attorney which is not a stock
789 corporation, unless all of the following conditions are met:

790 (a) The person or affiliated person has filed with the
791 office and sent to the principal office of the attorney in fact,
792 and any controlling company of the attorney in fact, the
793 subscribers' advisory committee, and the domestic reciprocal
794 insurer a letter of notification regarding the transaction or
795 proposed transaction no later than 5 days after any form of
796 tender offer or exchange offer is proposed, or no later than 5
797 days after the acquisition of the securities or ownership
798 interest if a tender offer or exchange offer is not involved.
799 The notification must be provided on forms prescribed by the
800 commission containing information determined necessary to
801 understand the transaction and identify all purchasers and
802 owners involved.

803 (b) The subscribers' advisory committee has provided the
804 notification required under paragraph (a) on a form prescribed
805 by the commission, explaining what the notification is and
806 letting the subscribers know of the filing deadlines for
807 objecting to the acquisition.

808 (c) The person or affiliated person has filed with the
809 office an application signed under oath and prepared on forms
810 prescribed by the commission which contains the information
811 specified in subsection (4). The application must be completed
812 and filed within 30 days after any form of tender offer or

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813 exchange offer is proposed, or after the acquisition of the
814 securities if a tender offer or exchange offer is not involved.

815 (d) The office has approved the tender offer or exchange
816 offer, or acquisition if a tender offer or exchange offer is not
817 involved.

818 (2) This section does not apply to any acquisition of
819 voting securities or ownership interest of an attorney in fact
820 or of a controlling company by any person who is the owner of a
821 majority of the voting securities or ownership interest with the
822 approval of the office under this section or s. 629.091.

823 (3) The person or affiliated person filing the notice
824 required by paragraph (1) (a) may request that the office waive
825 the requirements of paragraph (1) (b), provided that there is no
826 change in the ultimate controlling shareholders, and no change
827 in the ownership percentages of the ultimate controlling
828 shareholders, and no unaffiliated parties acquire any direct or
829 indirect interest in the attorney in fact. The office may waive
830 the filing required by paragraph (1) (b) if it determines that
831 there is no change in the ultimate controlling shareholders, and
832 no change in the ownership percentages of the ultimate
833 controlling shareholders, and no unaffiliated parties will
834 acquire any direct or indirect interest in the attorney in fact.

835 (4) The application to be filed with the office and
836 furnished to the attorney in fact must contain the following
837 information and any additional information as the office deems
838 necessary to determine the character, experience, ability, and
839 other qualifications of the person or affiliated person of such
840 person for the protection of the reciprocal insurer's
841 subscribers and of the public:

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842 (a) The identity and background information specified in s.
843 629.227 of:

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

846 2. Any person who controls, directly or indirectly, such
847 other person, including each director, officer, trustee,
848 partner, owner, manager, or joint venturer, or other person
849 performing duties similar to those of persons in such positions,
850 for the person.

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

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

858 (d) The nature and the extent of the controlling interest
859 which the person or affiliated person of such person proposes to
860 acquire, the terms of the proposed acquisition, and the manner
861 in which the controlling interest is to be acquired of an
862 attorney in fact or controlling company which is not a stock
863 corporation.

864 (e) The number of shares or other securities which the
865 person or affiliated person of such person proposes to acquire,
866 the terms of the proposed acquisition, and the manner in which
867 the securities are to be acquired.

868 (f) Information as to any contract, arrangement, or
869 understanding with any party with respect to any of the
870 securities of the attorney in fact or controlling company,

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871 including, but not limited to, information relating to the
872 transfer of any of the securities, option arrangements, puts or
873 calls, or the giving or withholding of proxies, which
874 information names the party with whom the contract, arrangement,
875 or understanding has been entered into and gives the details
876 thereof.

877 (g) The filing must be accompanied by the fee required
878 under s. 624.501(1)(a).

879 (5) If any material change occurs in the facts provided in
880 the application filed with the office pursuant to this section
881 or the background information required under s. 629.227, an
882 amendment specifying such changes must be filed immediately with
883 the office, and a copy of the amendment must be sent to the
884 principal office of the attorney in fact and to the principal
885 office of the controlling company.

886 (6)(a) The acquisition application must be reviewed in
887 accordance with chapter 120. The office may on its own initiate,
888 or, if requested to do so in writing by a substantially affected
889 person, shall conduct a proceeding to consider the
890 appropriateness of the proposed filing. Time periods for
891 purposes of chapter 120 shall be tolled during the pendency of
892 the proceeding. Any written request for a proceeding must be
893 filed with the office within 10 days after the date notice of
894 the filing is given, or 10 days after notice of the filing is
895 sent to the subscribers by the subscribers' advisory committee,
896 whichever is later. During the pendency of the proceeding or
897 review period by the office, any person or affiliated person
898 complying with the filing requirements of this section may
899 proceed and take all steps necessary to conclude the acquisition

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900 so long as the acquisition becoming final is conditioned upon
901 obtaining office approval. However, at any time it finds an
902 immediate danger to the public health, safety, and welfare of
903 the reciprocal insurer's subscribers exists, the office shall
904 immediately order, pursuant to s. 120.569(2)(n), the proposed
905 acquisition disapproved and any further steps to conclude the
906 acquisition ceased.

907 (b) During the pendency of the office's review of any
908 acquisition subject to the provisions of this section, the
909 acquiring person may not make any material change in the
910 operation of the attorney in fact or controlling company unless
911 the office has specifically approved the change, nor shall the
912 acquiring person make any material change in the management of
913 the attorney in fact unless advance written notice of the change
914 in management is furnished to the office. The term "material
915 change in the operation of the attorney in fact" means a
916 transaction that disposes of or obligates 5 percent or more of
917 the capital and surplus of the attorney in fact or of any
918 domestic reciprocal insurer. The term "material change in the
919 management of the attorney in fact" means any change in
920 management involving officers or directors of the attorney in
921 fact or any person of the attorney or controlling company having
922 authority to dispose of or obligate 5 percent or more of the
923 attorney in fact's capital or surplus. The office shall approve
924 a material change in operations if it finds the applicable
925 provisions of subsection (8) have been met. The office may
926 disapprove a material change in management if it finds that the
927 applicable provisions of subsection (8) have not been met and in
928 such case the attorney in fact shall promptly change management

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929 as acceptable to the office.

930 (c) If a request for a proceeding is filed, the proceeding
931 must be conducted within 60 days after the date the written
932 request for a proceeding is received by the office. A
933 recommended order must be issued within 20 days after the date
934 of the close of the proceedings. A final order shall be issued
935 within 20 days after the date of the recommended order or, if
936 exceptions to the recommended order are filed, within 20 days
937 after the date the exceptions are filed.

938 (7) The office may disapprove any acquisition subject to
939 this section by any person or any affiliated person of such
940 person who:

941 (a) Willfully violates this section;

942 (b) In violation of an order of the office issued pursuant
943 to subsection (11), fails to divest himself or herself of any
944 stock or ownership interest obtained in violation of this
945 section or fails to divest himself or herself of any direct or
946 indirect control of such stock or ownership interest, within 25
947 days after such order; or

948 (c) In violation of an order issued by the office pursuant
949 to subsection (12), acquires an additional stock or ownership
950 interest in an attorney in fact or controlling company or direct
951 or indirect control of such stock or ownership interest, without
952 complying with this section.

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

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958 (a) The financial condition of the acquiring person or
959 persons will not jeopardize the financial stability of the
960 attorney in fact or prejudice the interests of the reciprocal
961 insurer's subscribers or the public.

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

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

969 2. To liquidate any controlling company, sell its assets,
970 or merge or consolidate it with any person, or to make any major
971 change in its business or corporate structure or management
972 which would have an effect upon the attorney in fact, is fair
973 and free of prejudice to the reciprocal insurer's subscribers or
974 to the public.

975 (c) The competence, experience, and integrity of those
976 persons who will control directly or indirectly the operation of
977 the attorney in fact indicate that the acquisition is in the
978 best interest of the reciprocal insurer's subscribers and in the
979 public interest.

980 (d) The natural persons for whom background information is
981 required to be furnished pursuant to this section have such
982 backgrounds as to indicate that it is in the best interests of
983 the reciprocal insurer's subscribers and in the public interest
984 to permit such persons to exercise control over the attorney in
985 fact.

986 (e) The directors and officers, if such attorney in fact or

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987 controlling company is a stock corporation, or the trustees,
988 partners, owners, managers, joint venturers, or other persons
989 performing duties similar to those of persons in such positions,
990 if such attorney in fact or controlling company is not a stock
991 corporation, to be employed after the acquisition have
992 sufficient insurance experience and ability to assure reasonable
993 promise of successful operation.

994 (f) The management of the attorney in fact after the
995 acquisition will be competent and trustworthy and will possess
996 sufficient managerial experience so as to make the proposed
997 operation of the attorney in fact not hazardous to the
998 insurance-buying public.

999 (g) The management of the attorney in fact after the
1000 acquisition does not include any person who has directly or
1001 indirectly through ownership, control, reinsurance transactions,
1002 or other insurance or business relations unlawfully manipulated
1003 the assets, accounts, finances, or books of any insurer or
1004 otherwise acted in bad faith with respect thereto.

1005 (h) The acquisition is not likely to be hazardous or
1006 prejudicial to the reciprocal insurer's subscribers or to the
1007 public.

1008 (i) The effect of the acquisition would not substantially
1009 lessen competition in the line of insurance for which the
1010 reciprocal insurer is licensed or certified in this state or
1011 would not tend to create a monopoly therein.

1012 (9) A vote by the stockholder of record, or by any other
1013 person, of any security acquired in contravention of this
1014 section is not valid. Any acquisition contrary to this section
1015 is void. Upon the petition of the attorney in fact, the

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1016 controlling company, or the reciprocal insurer, the circuit
1017 court for the county in which the principal office of the
1018 attorney in fact is located may, without limiting the generality
1019 of its authority, order the issuance or entry of an injunction
1020 or other order to enforce this section. There shall be a private
1021 right of action in favor of the attorney in fact, or controlling
1022 company, to enforce this section. A demand upon the office that
1023 it performs its functions may not be required as a prerequisite
1024 to any suit by the attorney in fact or controlling company
1025 against any other person, and in no case shall the office be
1026 deemed a necessary party to any action by the attorney in fact
1027 or controlling company to enforce this section. Any person who
1028 makes or proposes an acquisition requiring the filing of an
1029 application pursuant to this section, or who files such an
1030 application, shall be deemed to have thereby designated the
1031 Chief Financial Officer, or his or her assistant or deputy or
1032 another person in charge of his or her office, as such person's
1033 agent for service of process under this section and shall
1034 thereby be deemed to have submitted himself or herself to the
1035 administrative jurisdiction of the office and to the
1036 jurisdiction of the circuit court.

1037 (10) Any approval by the office under this section does not
1038 constitute a recommendation by the office of the tender offer or
1039 exchange offer, or acquisition, if no tender offer or exchange
1040 offer is involved. It is unlawful for a person to represent that
1041 the office's approval constitutes a recommendation. A person who
1042 violates this subsection commits a felony of the third degree,
1043 punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
1044 The statute of limitations period for the prosecution of an

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1045 offense committed under this subsection is 5 years.

1046 (11) A person may rebut a presumption of control by filing
1047 a disclaimer of control with the office on a form prescribed by
1048 the commission. The disclaimer must fully disclose all material
1049 relationships and bases for affiliation between the person and
1050 the attorney in fact as well as the basis for disclaiming the
1051 affiliation. In lieu of such form, a person or acquiring party
1052 may file with the office a copy of a Schedule 13G filed with the
1053 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
1054 (c), 17 C.F.R. s. 240.13d-1, under the Securities Exchange Act
1055 of 1934, as amended. After a disclaimer has been filed, the
1056 attorney in fact is relieved of any duty to register or report
1057 under this section which may arise out of the attorney in fact's
1058 relationship with the person unless the office disallows the
1059 disclaimer.

1060 (12) If the office determines that any person or any
1061 affiliated person of such person has acquired 10 percent or more
1062 of the outstanding voting securities of an attorney in fact or
1063 controlling company which is a stock corporation, or 10 percent
1064 or more of the ownership interest of an attorney in fact or
1065 controlling company which is not a stock corporation, without
1066 complying with this section, the office may order that the
1067 person and any affiliated person of such person cease
1068 acquisition of the attorney in fact or controlling company and,
1069 if appropriate, divest itself of any stock or ownership interest
1070 acquired in violation of this section.

1071 (13) (a) The office must, if necessary to protect the public
1072 interest, suspend or revoke the certificate of authority of the
1073 reciprocal insurer whose attorney in fact or controlling company

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1074 is acquired in violation of this section.

1075 (b) If any reciprocal insurer is subject to suspension or
1076 revocation pursuant to paragraph (a), any other reciprocal
1077 insurer using the same attorney in fact is also subject to
1078 suspension or revocation. In such case, the office may offer any
1079 affected reciprocal insurer, through its subscriber
1080 representatives, the ability to cure any suspension or
1081 revocation by procuring another attorney in fact acceptable to
1082 the office or taking any other action agreed to by the office.

1083 Section 20. Section 629.227, Florida Statutes, is created
1084 to read:

1085 629.227 Background information.—The information as to the
1086 background and identity of each person about whom information is
1087 required to be furnished pursuant to s. 629.081 or s. 629.225
1088 must include, but need not be limited to:

1089 (1) A sworn biographical statement, on forms adopted by the
1090 commission, which must include, but need not be limited to, the
1091 following information:

1092 (a) Occupations, positions of employment, and offices held
1093 during the past 20 years, including the principal business and
1094 address of any business, corporation, or organization where each
1095 occupation, position of employment, or office occurred.

1096 (b) Whether the person was, at any time during a 10-year
1097 period, convicted of any crime other than a traffic violation.

1098 (c) Whether the person has been, during a 10-year period,
1099 the subject of any proceeding for the revocation of any license
1100 and, if so, the nature of the proceeding and the disposition of
1101 the proceeding.

1102 (d) Whether, during a 10-year period, the person has been

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1103 the subject of any proceeding under the federal Bankruptcy Act.

1104 (e) Whether, during a 10-year period, any person or other
1105 business or organization in which the person was a director,
1106 officer, trustee, partner, owner, manager, or other official has
1107 been the subject of any proceeding under the federal Bankruptcy
1108 Act, either during the time of that person's tenure with the
1109 business or organization or within 12 months thereafter.

1110 (f) Whether, during a 10-year period, the person has been
1111 enjoined, temporarily or permanently, by a court of competent
1112 jurisdiction from violating any federal or state law regulating
1113 the business of insurance, securities, or banking, or from
1114 carrying out any particular practice or practices in the course
1115 of the business of insurance, securities, or banking, together
1116 with details as to any such event.

1117 (g) Whether, during a 20-year period, the person served as
1118 the attorney in fact, a subscribers' advisory committee member,
1119 or any other manager or officer of a reciprocal insurer or an
1120 insurer that became insolvent or had its certificate of
1121 authority suspended or revoked.

1122 (2) A full set of fingerprints, which must be provided to
1123 the department or to a vendor, entity, or agency authorized by
1124 s. 943.053(13). The department, vendor, entity, or agency shall
1125 forward the fingerprints to the Department of Law Enforcement
1126 for state processing and the Department of Law Enforcement shall
1127 forward the fingerprints to the Federal Bureau of Investigation
1128 for national processing as described in s. 624.34. Fees for
1129 state and federal fingerprint processing must be borne by the
1130 individual. The state cost for fingerprint processing is as
1131 provided in s. 943.053(3)(e).

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1132 (3) Authority for release of information in regard to the
1133 investigation of such person's background.

1134 (4) Any additional information as the office deems
1135 necessary to determine the character, experience, ability, and
1136 other qualifications of the person or affiliated person of such
1137 person for the protection of the reciprocal insurer's
1138 subscribers and of the public.

1139 Section 21. Section 629.229, Florida Statutes, is created
1140 to read:

1141 629.229 Attorney in fact, officers, and directors of
1142 insolvent reciprocal insurers or other insurers.—Any person who
1143 served as an attorney in fact, or as an officer, director, or
1144 manager of an attorney in fact, any member of a subscribers'
1145 advisory committee of a reciprocal insurer doing business in
1146 this state, or an officer or director of any other insurer doing
1147 business in this state, and who served in that capacity within
1148 the 2-year period before the date the insurer or reciprocal
1149 insurer became insolvent, for any insolvency that occurs on or
1150 after July 1, 2024, may not thereafter:

1151 (1) Serve as an attorney in fact, or as an officer,
1152 director, or manager of an attorney in fact, or a member of a
1153 subscribers' advisory committee of a reciprocal insurer doing
1154 business in this state, or an officer or director of any other
1155 insurer doing business in this state; or

1156 (2) Have direct or indirect control over the selection or
1157 appointment of an attorney in fact, or of an officer, director,
1158 or manager of an attorney in fact, or a member of the
1159 subscribers' advisory committee of a reciprocal insurer doing
1160 business in this state, or an officer or director of any insurer

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1161 doing business in this state, through contract, trust, or by
1162 operation of law,

1163
1164 unless the individual demonstrates that his or her personal
1165 actions or omissions were not a significant contributing cause
1166 to the insolvency.

1167 Section 22. Section 629.261, Florida Statutes, is amended
1168 to read:

1169 629.261 Nonassessable policies.—Upon impairment of the
1170 surplus of a nonassessable reciprocal insurer, the office shall
1171 revoke the authorization issued under s. 629.091(3) or s.
1172 629.291(5). Upon revocation of the authority to issue
1173 nonassessable policies, the reciprocal insurer may not issue or
1174 renew nonassessable policies or convert assessable policies to
1175 nonassessable policies, and s. 629.301 applies to such insurer.

1176 ~~(1) If a reciprocal insurer has a surplus as to~~
1177 ~~policyholders required of a domestic stock insurer authorized to~~
1178 ~~transact like kinds of insurance, upon application of the~~
1179 ~~attorney and as approved by the subscribers' advisory committee~~
1180 ~~the office shall issue its certificate authorizing the insurer~~
1181 ~~to extinguish the contingent liability of subscribers under its~~
1182 ~~policies then in force in this state and to omit provisions~~
1183 ~~imposing contingent liability in all policies delivered or~~
1184 ~~issued for delivery in this state for so long as all such~~
1185 ~~surplus remains unimpaired.~~

1186 ~~(2) Upon impairment of such surplus, the office shall~~
1187 ~~forthwith revoke the certificate. Such revocation does shall not~~
1188 ~~render subject to contingent liability any policy then in force~~
1189 ~~and for the remainder of the period for which the premium has~~

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1190 theretofore been paid; but, after such revocation, no policy
1191 shall be issued or renewed without providing for contingent
1192 assessment liability of the subscriber.

1193 ~~(3) The office shall not authorize a domestic reciprocal~~
1194 ~~insurer so to extinguish the contingent liability of any of its~~
1195 ~~subscribers or in any of its policies to be issued, unless it~~
1196 ~~qualifies to and does extinguish such liability of all its~~
1197 ~~subscribers and in all such policies for all kinds of insurance~~
1198 ~~transacted by it; except that, if required by the laws of~~
1199 ~~another state in which the insurer is transacting insurance as~~
1200 ~~an authorized insurer, the insurer may issue policies providing~~
1201 ~~for the contingent liability of such of its subscribers as may~~
1202 ~~acquire such policies in such state, and need not extinguish the~~
1203 ~~contingent liability applicable to policies theretofore in force~~
1204 ~~in such state.~~

1205 Section 23. Section 629.291, Florida Statutes, is amended
1206 to read:

1207 629.291 Merger or conversion.—

1208 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote of
1209 not less than two-thirds of its subscribers who vote on such
1210 merger pursuant to due notice, and subject to the approval by ~~of~~
1211 the office of the terms therefor, may merge with another
1212 reciprocal insurer or be converted to a stock or mutual insurer,
1213 to be thereafter governed by the applicable sections of the
1214 insurance code. However, a domestic stock insurer may not
1215 convert to a reciprocal insurer.

1216 (2) A plan to merge a reciprocal insurer with another
1217 reciprocal insurer or for conversion of the reciprocal insurer
1218 to a stock or mutual insurer must be filed on forms adopted by

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1219 the office and contain such information as the office reasonably
1220 requires to evaluate the transaction ~~Such a stock or mutual~~
1221 ~~insurer shall be subject to the same capital or surplus~~
1222 ~~requirements and shall have the same rights as a like domestic~~
1223 ~~insurer transacting like kinds of insurance.~~

1224 (3) The office may ~~shall~~ not approve any plan for such
1225 merger or conversion which is inequitable to subscribers or
1226 which, if for conversion to a stock insurer, does not give each
1227 subscriber preferential right to acquire stock of the proposed
1228 insurer proportionate to his or her interest in the reciprocal
1229 insurer, as determined in accordance with s. 629.281, and a
1230 reasonable length of time within which to exercise such right.

1231 (4) Reinsurance of all or substantially all of the
1232 insurance in force of a ~~domestic~~ reciprocal insurer in another
1233 insurer shall be deemed to be a merger for the purposes of this
1234 section.

1235 (5) (a) An assessable reciprocal insurer may convert to a
1236 nonassessable reciprocal insurer if:

1237 1. The subscribers' advisory committee approves the
1238 conversion;

1239 2. The attorney in fact submits the application for
1240 conversion on the required application form; and

1241 3. The office finds that the application for conversion
1242 meets the minimum statutory requirements.

1243 (b) If the office approves the application for conversion,
1244 the assessable reciprocal insurer may convert to a nonassessable
1245 reciprocal insurer by:

1246 1. Extinguishing the contingent liability of subscribers
1247 under all policies then in force in this state;

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1248 2. Omitting contingent liability provisions in all policies
1249 delivered or issued in this state after the conversion; and

1250 3. Otherwise extinguishing the contingent liability of all
1251 of its subscribers. However, if the reciprocal insurer is
1252 transacting insurance as an authorized insurer in another state
1253 and that state's laws require the insurer to issue policies with
1254 contingent liability provisions, the insurer may issue
1255 contingent liability policies in that other state.

1256 Section 24. Section 629.525, Florida Statutes, is created
1257 to read:

1258 629.525 Rulemaking authority.—The commission shall adopt,
1259 amend, or repeal rules necessary to implement this chapter.

1260 Section 25. Paragraph (h) of subsection (3) of section
1261 163.01, Florida Statutes, is amended to read:

1262 163.01 Florida Interlocal Cooperation Act of 1969.—

1263 (3) As used in this section:

1264 (h) "Local government liability pool" means a reciprocal
1265 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
1266 insurance program created pursuant to s. 768.28(16), formed and
1267 controlled by counties or municipalities of this state to
1268 provide liability insurance coverage for counties,
1269 municipalities, or other public agencies of this state, which
1270 pool may contract with other parties for the purpose of
1271 providing claims administration, processing, accounting, and
1272 other administrative facilities.

1273 Section 26. Subsection (3) of section 626.9531, Florida
1274 Statutes, is amended to read:

1275 626.9531 Identification of insurers, agents, and insurance
1276 contracts.—

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1277 (3) For the purposes of this section, the term "risk
1278 bearing entity" means a reciprocal insurer as defined in s.
1279 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
1280 in s. 624.462, a group self-insurance fund as defined in s.
1281 624.4621, a local government self-insurance fund as defined in
1282 s. 624.4622, a self-insured public utility as defined in s.
1283 624.46225, or an independent educational institution self-
1284 insurance fund as defined in s. 624.4623. For the purposes of
1285 this section, the term "risk bearing entity" does not include an
1286 authorized insurer as defined in s. 624.09.

1287 Section 27. Except as otherwise expressly provided in this
1288 act and except for this section, which shall take effect upon
1289 this act becoming a law, this act shall take effect July 1,
1290 2024.