

By Senator Grall

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1 A bill to be entitled
2 An act relating to the financial strength of property
3 insurers; amending s. 624.315, F.S.; defining the
4 terms "financial strength rating" and "independent
5 ratings agency"; revising the requirements of a
6 certain report prepared by the Office of Insurance
7 Regulation of the Financial Services Commission;
8 requiring the office to maintain certain information
9 relating to the financial strength ratings of property
10 insurers transacting business in this state and to
11 make such information available upon request;
12 providing an effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

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16 Section 1. Present subsections (1) through (5) of section
17 624.315, Florida Statutes, are redesignated as subsections (2)
18 through (6), respectively, a new subsection (1) is added to that
19 section, paragraph (p) is added to present subsection (2) of
20 that section, and paragraph (c) of present subsection (1) and
21 present subsection (5) of that section are amended, to read:

22 624.315 Annual reports; quarterly reports.-

23 (1) As used in this section, the term:

24 (a) "Financial strength rating" means an objective
25 evaluation of the assets, liabilities, net worth, financial
26 health, performance, and risk of a property insurer as
27 determined by an independent ratings agency.

28 (b) "Independent ratings agency" means an entity that meets
29 all of the following requirements:

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30 1. Issues financial strength ratings of insurers based on
31 an objective analysis of an insurer's financial health,
32 performance, risk, and other factors.

33 2. Issues unbiased and objective financial strength ratings
34 of insurers without the consent of the insurer.

35 3. Is not paid for ratings by the rated insurers, either
36 directly or indirectly, whether in cash or other forms of
37 payment.

38 4. Does not permit any rated insurer to influence the rated
39 insurer's own ratings.

40 5. Is independent and free from outside control or
41 influence and is able to issue ratings objectively without fear
42 of reprisal or loss of business.

43 6. Is empowered to begin, suspend, or end rating an insurer
44 at its discretion.

45 7. Is not owned or controlled, in whole or in part, by any
46 insurer and does not enter into or maintain any potentially
47 related business relationships with rated insurers.

48 (2)~~(1)~~ As early as reasonably possible, the office, with
49 such assistance from the department as requested, shall annually
50 prepare a report to the Speaker and Minority Leader of the House
51 of Representatives, the President and Minority Leader of the
52 Senate, the chairs of the legislative committees with
53 jurisdiction over matters of insurance, and the Governor
54 showing, with respect to the preceding calendar year:

55 (c) Names of insurers against which delinquency or similar
56 proceedings were instituted. For property insurers for which the
57 delinquency or similar proceedings were instituted, the annual
58 report must also include the date that each insurer was deemed

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59 impaired of capital or surplus, as the terms impairment of
60 capital and impairment of surplus are defined in s. 631.011, or
61 insolvent, as the term insolvency is defined in s. 631.011; the
62 financial strength ratings of each insurer issued by an
63 independent ratings agency for each of the previous 8 fiscal
64 quarters before the delinquency or similar proceedings; a
65 concise statement of the circumstances that led to each
66 insurer's delinquency; a summary of the actions taken by the
67 insurer and the office to avoid delinquency; and the results or
68 status of each such proceeding.

69 (3)~~(2)~~ The office shall maintain the following information
70 and make such information available upon request:

71 (p) The financial strength rating, issued by an independent
72 ratings agency, of each property insurer transacting insurance
73 in this state for each calendar quarter during the reporting
74 period, including changes in companies' assigned ratings from
75 quarter to quarter, the number and identity of companies whose
76 financial strength ratings were downgraded during the reporting
77 period, the number and identity of companies whose financial
78 strength ratings were previously downgraded which experienced a
79 ratings upgrade during the reporting period, and the number and
80 identity of companies with downgraded financial strength ratings
81 which were subject to delinquency or similar proceedings.

82 (6)~~(5)~~ When aggregate information includes information
83 asserted as trade secret information, the office may include the
84 trade secret information in the report required under subsection
85 (2) ~~(1)~~ or may make the trade secret information available under
86 subsection (3) ~~(2)~~ unless the trade secret information can be
87 individually extrapolated, in which case the trade secret

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88 information remains protected as provided under s. 624.4213.

89 Section 2. This act shall take effect July 1, 2024.