

# FLORIDA HOUSE OF REPRESENTATIVES

## FINAL BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

**BILL #:** [CS/HB 1549](#)

**TITLE:** Financial Services

**SPONSOR(S):** Maggard

**COMPANION BILL:** [CS/CS/SB 1612](#) (Grall)

**LINKED BILLS:** None

**RELATED BILLS:** None

**FINAL HOUSE FLOOR ACTION:** 114 Y's 0 N's

**GOVERNOR'S ACTION:** Approved

### SUMMARY

#### Effect of the Bill:

The bill:

- Clarifies the definition of “control person” under the Money Services Businesses Act.
- Revises surplus lines insurance requirements and related regulatory provisions.
- Amends the due dates by which time a financial institution must pay semiannual assessments and specifies the method and timing of when the semiannual assessments must be made.
- Authorizes the Office of Financial Regulation (OFR) to issue a certificate of acquisition to an acquiring financial institution after specified circumstances are met.
- Clarifies that an elected officer, director, or committee member may not receive compensation for their service but may be reimbursed for necessary expenses incurred while performing official credit union business.
- Repeals the requirement for credit unions to maintain a regular reserve and modifies the definition of the term “equity” to remove reference to “regular reserve.”
- Removes a timeframe for certain requirements by directors of a proposed new bank or trust company.
- Modifies the period in which a proposed bank or trust company must open and conduct a general commercial bank or trust company business.

#### Fiscal or Economic Impact:

None

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## ANALYSIS

### EFFECT OF THE BILL:

#### Clarification of “Control Person” Definition in Money Services Regulation

The bill revises the definition of “[control person](#)” under the [Money Services Businesses Act](#) to clarify that a shareholder who directly or indirectly owns or has the power to vote 25 percent or more of a class of equity securities is considered a control person. (Section [1](#)).

#### Diligent Effort

The bill removes the definition of “diligent effort” for [surplus lines insurance](#). (Section [2](#)).

The bill removes all existing eligibility criteria for surplus lines exporting, including the diligent effort requirement, layering allowances, and documentation standards. It also removes the Financial Services Commission’s authority to declare classes or risks exportable by rule and eliminates exemptions for wet marine, aviation, deductible indemnity, and certain property lines. The only provisions retained and added are updates to the disclosure form required for surplus lines placements. Specifically, the bill adds that surplus lines insurers’ policy rates and forms are not approved by any Florida regulatory agency, and that if an insured signs the disclosure, they are presumed to have been informed that other coverage may be available. (Section [3](#)).

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The bill updates cross-references and related provisions to reflect the restructuring of surplus lines statutes. It clarifies that the per-policy fee authorized for surplus lines placements with unauthorized insurers remains valid, and confirms that this fee is included in the definition of “premium” for purposes of calculating surplus lines taxes and service fees. The bill also updates the unfair insurance practices statute to reflect the renumbered provision and clarifies that charging the authorized fee does not constitute an unfair or deceptive act. Additionally, the bill updates a cross-reference in the flood insurance export statute to align with the restructured surplus lines provisions. (Sections [4](#), [5](#), [6](#), [7](#), [8](#)).

#### **State Financial Institution Assessments:**

The bill requires state financial institutions to pay a semiannual assessment based on total assets as of the last business day in December and June. The assessment must be received by the Office of Financial Regulation (OFR) via mail, wire transfer, automated clearinghouse, or other approved electronic means by March 31 and September 30. (Section [9](#)).

#### **Certificates for Acquisition or Assumption Transactions:**

The bill authorizes the OFR to issue a certificate confirming that an acquisition, assumption, or sale transaction between financial institutions has been completed once the acquiring institution submits the necessary evidence. (Section [10](#)).

#### **Definition of "Equity" for Credit Unions:**

The bill repeals the requirement for credit unions to maintain a regular reserve and modifies the definition of the term “equity” to remove reference to “regular reserve.” (Sections [11](#) and [13](#)).

#### **Compensation and Reimbursement for Credit Union Officials**

The bill clarifies that elected officers, directors, and committee members may not be compensated for their service, consistent with current law, while stating that they may be reimbursed for necessary expenses incidental to performing official business for the credit union. (Section [12](#)).

#### **Stock Subscription:**

The bill requires that at least 30 days before opening, the directors of a proposed bank or trust company must have completed the stock offering and filed with the office a final list of subscribers to all capital stock. (Section [14](#)).

#### **Opening of Banks/Trust Companies:**

The bill requires a bank or trust company corporation to open and conduct a general commercial bank or trust business within 18 months after the issuance of a final order of approval by the office. (Section [15](#)).

The bill was approved by the Governor on June 13, 2025, ch. 2025-145, L.O.F., and will become effective on July 1, 2025, except as otherwise expressly provided by the bill.

## **RELEVANT INFORMATION**

### **SUBJECT OVERVIEW:**

#### **Money Services Businesses**

The Office of Financial Regulation (OFR) regulates banks, credit unions, other financial institutions, finance companies, and the securities industry. The Division of Consumer Finance within OFR licenses and regulates various aspects of the non-depository financial services industries, including money services businesses <sup>1</sup>(MSBs) regulated under ch. 560, F.S.

Under current law, the term “[control person](#)” is addressed in two separate statutory provisions. Section [560.103, F.S.](#), defines a “control person” to include individuals in specific officer or ownership roles, such as:

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<sup>1</sup> “Money services business” is defined in [s. 560.103\(23\), F.S.](#), to include any person located in or doing business in Florida who acts as a payment instrument seller, foreign currency exchanger, check casher, or money transmitter.

- Officers like the president, treasurer, chief executive officer, chief financial officer, chief operations officer, chief legal officer, or compliance officer of a money services business;
- Persons holding positions identified in the MSB's governing documents, such as officers, general partners, managers, or managing members;
- Members of the board of directors; or
- Shareholders who own 25 percent or more of a class of a company's equity securities.

Separately, Section [560.127, F.S.](#), establishes that a person has control of an MSB if they:

- Possess the power, directly or indirectly, to direct the management or policies of the business;
- Directly or indirectly may vote 25 percent or more of a class of voting securities or sell or direct the sale of 25 percent or more of a class of voting securities; or
- In the case of a partnership, may receive upon dissolution or has contributed 25 percent or more of the capital.

These provisions are used by OFR to determine which individuals associated with an MSB are subject to background checks and licensure requirements. While both statutes address the term "control person," they differ in wording and scope, which may create ambiguity in interpretation.

### **Regulation of Insurance in Florida**

The Office of Insurance Regulation (OIR) regulates specified insurance products, insurers and other risk bearing entities in Florida.<sup>2</sup> As part of their regulatory oversight, the OIR may suspend or revoke an insurer's certificate of authority under certain conditions.<sup>3</sup> The OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.<sup>4</sup> As part of the examination process, all persons being examined must make available to the OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.<sup>5</sup> The OIR is also authorized to conduct market conduct examinations to determine compliance with applicable provisions of the Insurance Code.<sup>6</sup>

Insurance companies that transact insurance in Florida or that have offices located in the state are required to obtain a certificate of authority (COA) issued by the OIR pursuant to section 624.401, F.S. These companies, referred to as authorized or admitted insurers,<sup>7</sup> are broadly regulated by the OIR under the Insurance Code as to reserves, solvency, rates and forms, market conduct, permissible investments, and affiliate relationships. Authorized insurers are also required to participate in a variety of government mandated insurance programs and pay assessments levied by state guaranty funds in the event of insurer insolvencies.<sup>8</sup>

### **Surplus Lines Insurance**

Surplus lines insurance is the market of last resort for difficult to place commercial and personal lines risks in Florida.<sup>9</sup> Typically, surplus lines insurers write policies for unusual, high-risk situations that include hazardous materials transporters, commercial trucking enterprises, day care centers, older homes located in coastal areas, professional athletes, hospitals, expensive boats and cars, and medical malpractice. Surplus lines insurance is coverage provided by a company that is not licensed in Florida but is allowed to transact insurance in the state as

<sup>2</sup> S. [20.121\(3\)\(a\), F.S.](#) The Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, serves as agency head of the Office of Insurance Regulation for purposes of rulemaking. Further, the Financial Services Commission appoints the commissioner of the Office of Insurance Regulation.

<sup>3</sup> S. [624.418, F.S.](#)

<sup>4</sup> S. [624.316\(1\)\(a\), F.S.](#)

<sup>5</sup> S. [624.318\(2\), F.S.](#)

<sup>6</sup> S. [624.3161, F.S.](#) The Insurance Code consists of chapters 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S.

<sup>7</sup> An "authorized" or "admitted" insurer is one duly authorized by a COA to transact insurance in this state.

<sup>8</sup> For example, Florida licensed direct writers of property and casualty insurance must be members of the Florida Insurance Guaranty Association, which handles the claims of insolvent insurers under part II of ch. 631, F.S., and insurers offering workers' compensation coverage in Florida must be members of the Florida Workers' Compensation Insurance Guaranty Association, which provides payment of covered claims for insurers that are declared insolvent under part V of ch. 631, F.S.

<sup>9</sup> Surplus lines insurance is insurance coverage provided by an insurer that is not licensed in Florida but is allowed to do business in the state because the particular coverage offered is not available from Florida-licensed or authorized carriers. Surplus lines insurers are governed under the Surplus Lines Law (ss. 626.913-626.937, F.S.).

an “eligible” insurer<sup>10</sup> under the surplus lines law (ss. 626.913-626.937, F.S.). Under this law, insurance may only be purchased from a surplus lines carrier if the necessary amount of coverage cannot be procured after a diligent effort to buy the coverage from authorized insurers.<sup>11</sup>

Rates charged by a surplus lines carrier must not be lower than the rate applicable and in use by the majority of the authorized insurers writing similar coverages on similar risks in Florida.<sup>12</sup> Likewise, a surplus lines policy contract form must not be more favorable to the insured as compared to the coverage or rate offered by the majority of authorized carriers.<sup>13</sup> Except as specifically stated otherwise, surplus lines insurers are not subject to regulation under chapter 627, F.S., of the Insurance Code, which includes, in part, provisions related to ratings standard, contracts, and attorney fees for authorized insurers.<sup>14</sup>

### **Diligent Effort**

“To export” a policy means that an insurance agent,<sup>15</sup> with the consent of the insurance applicant, places a policy with an unauthorized insurer under the surplus lines law through a surplus lines agent.<sup>16</sup> Unless an exception applies, in order to place business with a surplus lines insurer, the agent must make a “diligent effort” to place the policy with a Florida-authorized insurer, which is shown by having three written rejections of coverage from authorized insurers currently writing the type of insurance being sought.<sup>17</sup> However, if the cost to replace a residential dwelling is \$700,000 or more, then diligent effort is seeking and being denied coverage from at least one authorized insurer in the admitted market currently writing that type of coverage.<sup>18</sup>

Export requirements further specify that:

- The premium rate for policies written by a surplus lines insurer cannot be less than the premium rate used by a majority of authorized insurers for the same coverage on similar risks;
- The policy exported cannot provide coverage or rates that are more favorable than those that are used by the majority of authorized insurers actually writing similar coverages on similar risks;
- The deductibles must be the same as those used by one or more authorized insurers, unless the coverage is for fire or windstorm; and
- The policyholder must be advised in writing that coverage may be available and less expensive in the admitted market and that persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.<sup>19</sup>

Only four states do not require that an agent make a diligent effort before exporting a policy to a surplus lines insurer.<sup>20</sup> Nineteen states require the agent obtain at least three declinations from authorized insurers before exporting a policy to a surplus lines insurer.<sup>21</sup>

### **Financial Institutions**

A financial institution must hold a federal or state charter to accept deposits. Banks are chartered either as national

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<sup>10</sup> An “eligible surplus lines insurer” as defined in s. 626.914(2), F.S., is an “unauthorized insurer” which has been made eligible by the Office of Insurance Regulation to issue insurance coverage under the surplus lines law.

<sup>11</sup> See [s. 626.914\(4\), F.S.](#) A “diligent effort” is defined as seeking coverage from and being rejected by at least three authorized insurers that write the type of coverage being sought. The rejections must be documented.

<sup>12</sup> S. 626.916(1)(b), F.S.

<sup>13</sup> S. 626.916(1)(c), F.S.

<sup>14</sup> [S. 626.913\(4\), F.S.](#)

<sup>15</sup> Typically, the applicant’s usual insurance agent works with the surplus lines agent to arrange the placement, rather than the applicant working directly with the surplus lines agent.

<sup>16</sup> S. 626.914(3), F.S.

<sup>17</sup> Ss. 626.914(4) and 626.916(1)(a), F.S.

<sup>18</sup> [S. 626.914\(4\), F.S.](#)

<sup>19</sup> [S. 626.916\(1\), F.S.](#)

<sup>20</sup> These states are Louisiana, Mississippi, Virginia, and Wisconsin. See Wholesale & Specialty Insurance Association Diligent Effort Compliance Chart, <https://www.wsia.org/docs/Diligent%20effort%20chart%202-3-17.pdf> (last visited Apr. 3, 2025).

<sup>21</sup> *Id.* Ohio requires five declinations and New Mexico requires four declinations. Idaho and South Carolina require only one declination.

banks by the Office of the Comptroller of the Currency (OCC) under the U.S. Department of the Treasury or as state banks by a state regulator.<sup>22</sup>

In Florida, the Florida Financial Institutions Codes govern all state-authorized and state-chartered banks, trust companies, and related entities.<sup>23</sup> The OFR licenses and regulates 196 financial entities, including 57 state-chartered banks.<sup>24</sup> There are also 30 federally-chartered banks operating in Florida.<sup>25</sup>

## **Banks and Trust Companies**

### *Federal Law – Creation and Opening of a New Bank or Trust Company*

Federally chartered banks, whether public or private, must meet stringent regulatory requirements to obtain a charter<sup>26</sup>. The OCC follows a two-phase approval process:

- Preliminary Approval: Expires if the proposed bank:
  - Fails to raise required capital within 12 months, or
  - Does not commence business within 18 months, unless an extension is granted.<sup>27</sup>
- Final Approval: Granted after completion of all organization requirements, authorizing the bank to begin operations.<sup>28</sup>

Federal law prohibits offering national bank-issued securities without registration unless an exemption (e.g., for nonpublic offerings) applies.<sup>29</sup>

### *Florida Law – Creation and Opening of a New Bank or Trust Company*

State law requires that directors of a proposed bank or trust company:

- Complete a stock offering and file a list of subscribers with the OFR within six months of corporate existence and at least 30 days prior to opening.<sup>30</sup>
- Provide additional information as reasonably required by OFR, including financial and biographical details of subscribers.<sup>31</sup>
- Undergo OFR's review and character and financial investigations.

A bank or trust company must begin operations within 12 months of corporate existence, notify OFR of its intended opening date, and comply with any OFR orders.<sup>32</sup> OFR must also conduct a pre-opening examination and issue a certificate of authorization if all requirements are satisfied.<sup>33</sup> However, the OFR reports “[t]he 6-month time requirement has been a problem for recent bank start-ups and is more restrictive than [the 12-month requirement] federally.”<sup>34</sup>

## **Financial Institution Assessments**

Financial institutions must pay semiannual assessments based on total assets as of the last business day of June and December<sup>35</sup>, covering the next six months.<sup>36</sup>

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<sup>22</sup> Congressional Research Service, *Introduction to Financial Services: Banking*, p. 1, January 5, 2023, available at: <https://crsreports.congress.gov/product/pdf/IF/IF10035> (last visited March 15, 2025).

<sup>23</sup> S. 655.005(1)(k), F.S., states that the Financial Institutions Codes includes: Ch. 655, financial institutions generally; Ch. 657, credit unions; Ch. 658, banks and trust companies; Ch. 660, trust business; Ch. 662, family trust companies; Ch. 663, international banking; Ch. 665, relating to associations; and Ch. 667, savings banks.

<sup>24</sup> The OFR, *Fast Facts* (2025 ed.), available at: [fast-facts.pdf](#) (last visited March 15, 2025) (hereinafter cited as “2025 OFR Fast Facts”).

<sup>25</sup> The OCC, *National Banks Active As of 2/28/2025*, February 28, 2025, available at [national-by-state.pdf](#) (March 15, 2025).

<sup>26</sup> See 12 CFR 16; Office of the Comptroller of the Currency, *Comptroller's Licensing Manual Charters*, p. 4, December 2021, available at [charters.pdf](#) (last visited March 11, 2025) (hereinafter cited as “OCC Licensing Manual for Charters”).

<sup>27</sup> 12 CFR 5.20(i)(6)(iv)

<sup>28</sup> OCC Licensing Manual for Charters at p. 3.

<sup>29</sup> 12 CFR 16.7

<sup>30</sup> S. 658.235(1), F.S.

<sup>31</sup> S. 658.25(2), F.S.

<sup>32</sup> S. 658.25(1), F.S.

<sup>33</sup> S. 658.25(3), F.S.

<sup>34</sup> The OFR, *Agency Analysis of 2025 for HB 1459*, p. 3 March 11, 2025. (hereinafter cited as “2025 OFR Agency Analysis for HB 1549”).

<sup>35</sup> S. 655.047(1), F.S.

<sup>36</sup> S. 655.047(3), F.S.

- Assessments are due by January 31 and July 31 and can be submitted by mail, wire transfer, automated clearinghouse, or other OFR-approved electronic means.
- Late penalties may be assessed up to \$100 per day, and intentional late payments may incur administrative fines up to \$1,000 per day, unless excused for good cause.<sup>37</sup>

### **Certificate of Acquisition**

Florida law allows a financial institution to acquire 50 percent or more of the assets, liabilities, or a combination of both of any financial institution subject to the OFR approval and other specified conditions. For instance, both financial institutions must adopt a plan for the acquisition, assumption, or sale which must contain specified information.<sup>38</sup> The OFR is required to approve or disapprove of the plan and, following adoption of the plan by the transferring financial institution, must certify in writing that the plan has been approved.<sup>39</sup> The transferring financial institution may abandon the transaction despite the members' or stockholders' approval and the OFR's certification of the plan.<sup>40</sup> Unlike the OFR's authority to issue a Certificate of Merger when two credit unions merge,<sup>41</sup> the OFR does not have authority to issue a Certificate of Acquisition when a financial institution purchases or wholly acquires another financial institution.<sup>42</sup>

### **Credit Unions**

A credit union must have a federal or state charter to operate in Florida. Credit unions are chartered and regulated as a national credit union by the National Credit Union Association (NCUA).<sup>43</sup> Such membership is limited to a group or groups with a common bond of occupation or association within a defined community. Deposits into a federal credit union allow members to become owners of the credit union, run to become a credit union official, and vote on certain matters.<sup>44</sup>

The Florida Financial Institutions Codes apply to all state-chartered credit unions.<sup>45</sup> There are approximately 138 credit unions in Florida<sup>46</sup> with 67 of them being state-chartered.<sup>47</sup> Florida law provides that any person may be admitted to a credit union upon payment of any required fee, payment of shares, and compliance with the credit union bylaws.<sup>48</sup> State-chartered credit unions operate as financial institutions except for exercising certain incidental powers authorized by law.<sup>49</sup>

### **Reserve Accounts**

Florida law requires credit unions to maintain the following reserve accounts:

- Allowance for loan and lease losses;
- Regular reserve to meet losses which must not be decreased unless the OFR approves the decrease or as provided by rule of the commission;<sup>50</sup>
- Allowance for investment losses; and
- Special reserves to protect members against losses from risk assets or extended credit when required by rule or other specified circumstances.<sup>51</sup>

In 2022, the NCUA amended federal regulations and removed the requirement for federal credit unions to maintain a regular reserve account.<sup>52</sup>

<sup>37</sup> S. [655.047\(2\), F.S.](#)

<sup>38</sup> S. [655.414\(2\), F.S.](#)

<sup>39</sup> S. 655.414(4) and (5), F.S.

<sup>40</sup> *Id.*

<sup>41</sup> S. [657.065, F.S.](#)

<sup>42</sup> S. [655.414\(5\), F.S.](#)

<sup>43</sup> National Credit Union Administration, *Overview of the Charter Application Process*, April 14, 2022, available at [Overview of the Charter Application Process | NCUA](#) (last visited March 15, 2025).

<sup>44</sup> National Credit Union Administration, *Overview of Federal Credit Unions*, April 14, 2022, available at [Overview of Federal Credit Unions | NCUA](#) (last visited March 15, 2025).

<sup>45</sup> S. [655.005\(1\)\(k\), F.S.](#), states that the Financial Institutions Codes includes ch. 657, credit unions.

<sup>46</sup> National Credit Union Service Organization, *Florida Credit Unions*, available at [Florida Credit Unions](#) (last visited March 15, 2025).

<sup>47</sup> 2025 OFR Fast Facts at p. 4.

<sup>48</sup> S. [657.023\(1\), F.S.](#)

<sup>49</sup> S. [657.031\(3\), F.S.](#)

<sup>50</sup> Section [657.043\(2\), F.S.](#)

<sup>51</sup> Section [657.043, F.S.](#)



## OTHER RESOURCES:

[Florida Credit Unions](#)

[Overview of the Charter Application Process | NCUA](#)

[Fixed-Asset Rule Provides Relief to More than 3,800 Federal Credit Unions | NCUA](#)

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<sup>52</sup> The NCUA, *Risk-Based Capital Frequently Asked Questions: Is Prompt Corrective Action (PCA) for Credit Unions Changing with the Revised Capital Adequacy Standards?*, April 14, 2022, available at [Risk-Based Capital Frequently Asked Questions | NCUA](#) (last visited March 15, 2025).