

1                   A bill to be entitled  
2     An act relating to insurance; creating s. 624.341,  
3     F.S.; providing legislative findings; requiring the  
4     Department of Law Enforcement to accept and process  
5     certain fingerprints; specifying procedures for  
6     submitting and processing fingerprints; providing fees  
7     for fingerprinting; authorizing the department to  
8     exchange certain records with the Office of Insurance  
9     Regulation for certain purposes; specifying that  
10    fingerprints must be submitted in accordance with  
11    certain rules; authorizing fingerprints to be  
12    submitted through a third-party vendor authorized by  
13    the department; requiring the department to conduct  
14    certain background checks; requiring certain  
15    background checks to be conducted through the Federal  
16    Bureau of Investigation; requiring that fingerprints  
17    be submitted and entered into a specified system;  
18    specifying who bears the costs of fingerprint  
19    processing; requiring the office to review certain  
20    background checks results and to make certain  
21    determination; requiring that certain criminal history  
22    records be used by the office for certain purposes;  
23    creating s. 624.347, F.S.; providing definitions;  
24    providing applicability; establishing standards for  
25    compensation arrangements and oversight of affiliate

26 transactions involving insurers, reciprocal insurers,  
27 managing general agents, and attorneys in fact;  
28 providing penalties; authorizing the office to issue  
29 orders restricting certain fund transfers under  
30 specified circumstances; providing applicability of  
31 and limitations on such orders; requiring the office  
32 to adopt rules; amending s. 624.424, F.S.; specifying  
33 requirements for affiliate compensation arrangements;  
34 removing a requirement that the office consider a  
35 specified factor in determining whether certain  
36 affiliate considerations and payments by an insurer  
37 are fair and reasonable; amending s. 626.732, F.S.;  
38 revising the requirements for qualifications or  
39 licenses as general lines agents; amending s. 626.914,  
40 F.S.; removing the definition of the term "diligent  
41 effort"; amending s. 626.916, F.S.; revising the  
42 conditions under which insurance coverage is eligible  
43 for export; amending s. 627.351, F.S.; requiring  
44 notification of arbitration before the Division of  
45 Administrative Hearings as an option for dispute  
46 resolution procedures under Citizens Property  
47 Insurance Corporation; removing obsolete language;  
48 providing an effective date.

49  
50 Be It Enacted by the Legislature of the State of Florida:

51  
52       **Section 1. Section 624.341, Florida Statutes, is created**  
53 **to read:**

54       624.341 Authority of Department of Law Enforcement to  
55 accept fingerprints of, and exchange criminal history records  
56 with respect to, certain persons applying to the Office of  
57 Insurance Regulation.—

58       (1) The Legislature finds that criminal activity of  
59 insurers poses a particular danger to the residents of this  
60 state. Floridians rely, in good faith, on the honest conduct of  
61 those who issue and manage insurance policies and other  
62 insurance instruments in this state. To safeguard this state's  
63 residents, the Legislature finds it necessary to ensure that  
64 incorporators, subscribers, officers, employees, contractors,  
65 stockholders, directors, owners, members, managers, or  
66 volunteers involved in the organization, operation, or  
67 management of any insurer that is authorized to sell insurance  
68 do not have a criminal background.

69       (2) The Department of Law Enforcement shall accept and  
70 process fingerprints of incorporators, subscribers, officers,  
71 employees, contractors, stockholders, directors, owners,  
72 members, managers, or volunteers involved in the organization,  
73 operation, or management of:

74       (a) Any insurer or proposed insurer transacting or  
75 proposing to transact insurance in this state.

76        (b) Any entity that is eligible to be examined or  
77        investigated under 624.316.

78        (3) Each person required to submit fingerprints to the  
79        office must provide a full set of fingerprints to the office or  
80        to a vendor, entity, or agency authorized under s. 943.053(13).  
81        The office, vendor, entity, or agency shall forward the  
82        fingerprints to the Department of Law Enforcement for state  
83        processing, and the Department of Law Enforcement shall forward  
84        the fingerprints to the Federal Bureau of Investigation for  
85        national processing as provided in s. 624.34. Fees for state and  
86        federal fingerprint processing must be borne by the person  
87        submitting the fingerprints. The state cost for fingerprint  
88        processing is as provided in s. 943.053(3)(e).

89        (4) The Department of Law Enforcement may, to the extent  
90        authorized by federal law, exchange any state or federal  
91        criminal history records with the office for the purpose of  
92        issuance or continuation of a certificate of authority,  
93        certification, or license to operate in this state.

94        (5) Fingerprints must be submitted in accordance with  
95        rules adopted by the commission.

96        (a) Fingerprints may be submitted through a third-party  
97        vendor authorized by the Department of Law Enforcement.

98        (b) The Department of Law Enforcement shall conduct the  
99        state criminal history background check, and a federal criminal  
100       history background check shall be conducted through the Federal

101 Bureau of Investigation.

102 (c) All fingerprints submitted to the Department of Law  
103 Enforcement must be submitted and entered into the statewide  
104 automated biometric identification system established in s.  
105 943.05(2)(b) and available for use in accordance with s.  
106 943.05(2)(g) and (h).

107 (d) The costs of fingerprint processing, including the  
108 cost of retaining the fingerprints, must be borne by the person  
109 subject to the background checks.

110 (e) The office shall review the results of the state and  
111 federal criminal history background checks and determine whether  
112 the applicant meets the requirements for the certificate of  
113 authority, certification, or license to operate in this state.

114 (6) State criminal history records obtained through the  
115 Department of Law Enforcement, federal criminal history records  
116 obtained through the Federal Bureau of Investigation, and local  
117 criminal history records obtained through local law enforcement  
118 agencies must be used by the office for the purpose of issuance,  
119 denial, suspension, or revocation of certificates of authority,  
120 certifications, or licenses issued to operate in this state.

121 **Section 2. Section 624.347, Florida Statutes, is created**  
122 **to read:**

123 624.347 Affiliate transactions; managing general agents;  
124 attorneys in fact; oversight.—

125 (1) DEFINITIONS.—As used in this section, the term:

126        (a) "Affiliated entity" means any affiliate of an insurer.  
127        The term includes a managing general agent, attorney in fact,  
128        and reciprocal insurer when acting in a capacity that involves  
129        compensation from the insurer.

130        (b) "Attorney in fact" has the same meaning as in s.  
131        629.011.

132        (c) "Insurer" means an authorized property insurer.

133        (d) "Managing general agent" has the same meaning as in s.  
134        626.015.

135        (e) "Reciprocal insurer" has the same meaning as in s.  
136        629.011.

137        (2) APPLICABILITY.—This section applies to any insurer  
138        that contracts with or makes payments to an affiliated entity.

139        (3) COMPENSATION ARRANGEMENTS WITH AFFILIATED ENTITIES.—

140        (a) Each insurer doing business in this state which pays,  
141        directly or indirectly, a fee, commission, or other financial  
142        consideration or payment to any affiliated entity must provide  
143        to the office documentation demonstrating that such fee,  
144        commission, or other financial consideration or payment is fair  
145        and reasonable for each service being provided. In determining  
146        whether the fee, commission, or other financial consideration or  
147        payment is fair and reasonable, the office must consider all of  
148        the following:

149        1. The actual cost of each service provided by an  
150        affiliated entity.

151        2. The relative financial condition of the insurer and the  
152 affiliated entity.

153        3. The level of debt and how that debt is serviced.

154        4. The amount of the dividends paid by the insurer and the  
155 affiliated entity and for what purpose.

156        5. Whether the terms of the written contract benefit the  
157 insurer and are in the best interest of the policyholders or  
158 subscribers.

159        6. Any other such information as the office reasonably  
160 requires in making this determination.

161        (b) For each agreement with an affiliated entity in force  
162 on July 1, 2025, each insurer shall provide to the office no  
163 later than October 1, 2025, the cost incurred by the affiliated  
164 entity to provide each service, the dollar amount charged to the  
165 insurer for each service, and the dollar amount of fees  
166 forgiven, waived, or reimbursed by the affiliated entity for the  
167 2 most recent years. If the total dollar amount charged to the  
168 insurer was greater than the total cost to provide services for  
169 either year, the insurer must explain how it determined that the  
170 fee was fair and reasonable. For any proposed contract with an  
171 affiliated entity effective after July 1, 2025, the insurer must  
172 provide documentation to support that the fee, commission, or  
173 other financial consideration or payment to the affiliated  
174 entity is fair and reasonable.

175        (c)1. Beginning July 1, 2026, the office may require

176 specific types of compensation arrangements between an insurer  
177 and any affiliated entity to be structured as fee for service.  
178 As used in this subparagraph, the term "fee for service" means  
179 fixed amounts or hourly rates for itemized services.

180 2. Compensation as a fee for service may not be based on:

181 a. Commission;

182 b. Premium volume;

183 c. Underwriting profit; or

184 d. Financial results of the insurer.

185 (d) This subsection does not prohibit an insurer from  
186 paying a dividend to or making other financial arrangement with  
187 an affiliated entity if such dividend or financial arrangement  
188 has been reviewed and approved by the office pursuant to this  
189 section or any other applicable law.

190 (e) An agreement between an insurer and an affiliated  
191 entity must include a termination clause and may not exceed a  
192 term of 3 years. Any extension of such an agreement must be  
193 approved by the office before becoming effective. An agreement  
194 between an insurer and an affiliated entity may include  
195 provisions for extension, but may not remain in effect for  
196 longer than 3 years without continuing to meet the requirements  
197 of paragraph (a) and without being approved by the office. If  
198 the agreement provides for extension, the agreement must clearly  
199 state that the extension is subject to approval by the office at  
200 least every 3 years.



201        (4) EMERGENCY RESTRICTIONS.—

202        (a) During a declared emergency, the office may issue  
203 orders restricting fund transfers from an insurer to an  
204 affiliated entity without prior approval.

205        (b) Orders under paragraph (a) may apply to all or  
206 specified insurers and may not exceed 90 days unless extended by  
207 the office.

208        (5) ADDITIONAL OVERSIGHT.—

209        (a) The office may recover improper affiliated entity  
210 payment transfers, including, but not limited to, the following:

211        1. Transfers that violate the approved compensation,  
212 approved dividend, or any other approved financial arrangement.

213        2. Transfers made while the insurer was undercapitalized.

214        (b) An insurer must provide notice to the office at least  
215 30 days before any pledge of capital or assets to any affiliated  
216 entity for a loan or financial obligation. Such notice must  
217 include a description of the collateral, the nature of the  
218 obligation, and the parties involved. The office may reject and  
219 prohibit the pledge if such financial arrangement is not in the  
220 best interest of the insurer.

221        (6) ENFORCEMENT.—

222        (a) The office may impose penalties for violations of this  
223 section.

224        (b) The office shall adopt rules to implement this  
225 section.

**Section 3. Subsection (13) of section 624.424, Florida Statutes, is amended to read:**

624.424 Annual statement and other information.—

(13) Each insurer doing business in this state which pays a fee, commission, or other financial consideration or payment to any affiliate directly or indirectly is required upon request to provide to the office any information the office deems necessary. The fee, commission, or other financial consideration or payment to any affiliate must be fair and reasonable.

Affiliate compensation arrangements must comply with s. 624.347 and with the requirements of this subsection ~~In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the office shall consider, among other things, the actual cost of the service being provided.~~

**Section 4. Subsection (1) of section 626.732, Florida Statutes, is amended to read:**

626.732 Requirement as to knowledge, experience, or instruction.—

(1) Except as provided in subsection (4), an applicant for a license as a general lines agent, except for a chartered property and casualty underwriter (CPCU), may not be qualified or licensed unless, within the 4 years immediately preceding the date the application for license is filed with the department, the applicant has satisfied, at a minimum, one of the following requirements:

(a) Taught or successfully completed 60 ~~200~~ hours of coursework in property, casualty, surety, health, and marine insurance approved by the department, 3 hours of which must be on the subject matter of ethics.†

(b) Completed at least 1 year in responsible insurance duties as a substantially full-time bona fide employee in all lines of property and casualty insurance as set forth in the definition of a general lines agent under s. 626.015, but without the education requirement described in paragraph (a).†

~~or~~

(c) Completed at least 1 year of responsible insurance duties as a licensed and appointed customer representative, service representative, or personal lines agent and 40 hours of coursework approved by the department covering the areas of property, casualty, surety, health, and marine insurance.

**Section 5. Subsection (4) of section 626.914, Florida Statutes, is amended to read:**

626.914 Definitions.—As used in this Surplus Lines Law, the term:

~~(4) "Diligent effort" means seeking coverage from and having been rejected by at least three authorized insurers currently writing this type of coverage and documenting these rejections. However, if the residential structure has a dwelling replacement cost of \$700,000 or more, the term means seeking coverage from and having been rejected by at least one~~

276 ~~authorized insurer currently writing this type of coverage and~~  
277 ~~documenting this rejection.~~

278 **Section 6. Paragraphs (a) and (e) of subsection (1) and**  
279 **paragraph (b) of subsection (3) of section 626.916, Florida**  
280 **Statutes, are amended to read:**

281 626.916 Eligibility for export.—

282 (1) No insurance coverage shall be eligible for export  
283 unless it meets all of the following conditions:

284 (a) The coverage must be of a kind or class not generally  
285 available from authorized insurers transacting insurance in this  
286 state ~~The full amount of insurance required must not be~~  
287 ~~procurable, after a diligent effort has been made by the~~  
288 ~~producing agent to do so, from among the insurers authorized to~~  
289 ~~transact and actually writing that kind and class of insurance~~  
290 ~~in this state, and the amount of insurance exported shall be~~  
291 ~~only the excess over the amount so procurable from authorized~~  
292 ~~insurers. Surplus lines agents must verify that a diligent~~  
293 ~~effort has been made by requiring a properly documented~~  
294 ~~statement of diligent effort from the retail or producing agent.~~  
295 ~~However, to be in compliance with the diligent effort~~  
296 ~~requirement, the surplus lines agent's reliance must be~~  
297 ~~reasonable under the particular circumstances surrounding the~~  
298 ~~export of that particular risk. Reasonableness shall be assessed~~  
299 ~~by taking into account factors which include, but are not~~  
300 ~~limited to, a regularly conducted program of verification of the~~

~~information provided by the retail or producing agent.  
Declinations must be documented on a risk-by-risk basis. If it  
is not possible to obtain the full amount of insurance required  
by layering the risk, it is permissible to export the full  
amount.~~

(e) The insured has signed or otherwise provided documented acknowledgment of a disclosure in substantially the following form: "You are agreeing to place coverage in the surplus lines market. Coverage may be available in the admitted market. 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." If the acknowledgment of the disclosure is signed by the insured, the insured is presumed to have been informed and to know that other coverage may be available.

(3)

(b) Subsection (1) does not apply to classes of insurance which are related to indemnity of deductibles for property insurance or are subject to s. 627.062(3)(d)1. These classes may be exportable under the following conditions:

1. The insurance must be placed only by or through a surplus lines agent licensed in this state;
2. The insurer must be made eligible under s. 626.918; and
3. The insured has complied with paragraph (1)(e). ~~If the disclosure is signed by the insured, the insured is presumed to~~

326 ~~have been informed and to know that other coverage may be~~  
327 ~~available, and, with respect to the diligent effort requirement~~  
328 ~~under subsection (1), there is no liability on the part of, and~~  
329 ~~no cause of action arises against, the retail agent presenting~~  
330 ~~the form.~~

331 **Section 7. Paragraph (11) of subsection (6) of section**  
332 **627.351, Florida Statutes, is amended to read:**

333 627.351 Insurance risk apportionment plans.—

334 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

335 (11)1. In addition to any other method of alternative  
336 dispute resolution authorized by state law, the corporation may  
337 adopt policy forms that provide an option for the insured to  
338 select, at the time of entering into the policy or upon renewal,  
339 to have disputes regarding the corporation's claim  
340 determinations ~~for the resolution of disputes regarding its~~  
341 ~~claim determinations~~, including disputes regarding coverage for,  
342 or the scope and value of, a claim, resolved through arbitration  
343 ~~in a proceeding~~ before the Division of Administrative Hearings.  
344 Each insured must be notified in writing, at the time of  
345 entering into a policy with the corporation and upon each  
346 renewal, that the insured must decide whether to resolve  
347 disputes through arbitration before the Division of  
348 Administrative Hearings. Such notification must be in at least  
349 12-point boldfaced type, immediately preceding the insured's  
350 signature, in substantially the following form:

351  
352 AN INSURED MUST CHOOSE AT THE TIME OF ENTERING INTO THIS POLICY  
353 OR UPON RENEWAL WHETHER TO RESOLVE DISPUTES THROUGH ARBITRATION  
354 BEFORE THE DIVISION OF ADMINISTRATIVE HEARINGS. THE INSURED MUST  
355 INDICATE THIS SELECTION BY MARKING "ACCEPT" OR "DECLINE" BELOW.  
356 THIS DECISION CANNOT BE CHANGED DURING THE TERM OF THE POLICY.

357  
358 [ ] ACCEPT

359 [ ] DECLINE  
360

361 2. Any such policies are not subject to s. 627.70154. All  
362 arbitrations before ~~proceedings in~~ the Division of  
363 Administrative Hearings pursuant to such policies are subject to  
364 ss. 57.105 and 768.79 as if filed in the courts of this state  
365 and are not considered chapter 120 administrative proceedings.  
366 Rule 1.442, Florida Rules of Civil Procedure, applies to any  
367 offer served pursuant to s. 768.79, except that, notwithstanding  
368 any provision in Rule 1.442, Florida Rules of Civil Procedure,  
369 to the contrary, an offer shall not be served earlier than 10  
370 days after filing the request for hearing with the Division of  
371 Administrative Hearings and shall not be served later than 10  
372 days before the date set for the final hearing. The  
373 administrative law judge in such arbitrations ~~proceedings~~ shall  
374 award attorney fees and other relief pursuant to ss. 57.105 and  
375 768.79. The corporation may not seek, and the office may not

376 approve, a maximum hourly rate for attorney fees.

377       ~~2. The corporation may contract with the division to~~  
378 ~~conduct proceedings to resolve disputes regarding its claim~~  
379 ~~determinations as may be provided for in the applicable policies~~  
380 ~~of insurance. This subparagraph expires July 1, 2025.~~

381       **Section 8.** This act shall take effect July 1, 2025.