

1 A bill to be entitled
2 An act relating to insurance; amending s. 624.155,
3 F.S.; defining the term "sufficient evidence";
4 providing procedures and timelines for objecting, and
5 responding to the objections, to the sufficiency of
6 evidence submitted by claimants to insurers; creating
7 s. 624.341, F.S.; providing legislative findings and
8 intent; requiring the Department of Law Enforcement to
9 accept certain fingerprints; specifying procedures for
10 fingerprinting; authorizing the department to exchange
11 certain records with the Office of Insurance
12 Regulation; specifying that fingerprints must be
13 submitted in accordance with certain rules;
14 authorizing that the fingerprints be submitted through
15 a third-party vendor authorized by the department;
16 requiring the department to conduct certain background
17 checks; requiring that certain fingerprints be
18 submitted and entered into a specified system;
19 requiring the office to inform the department of any
20 person whose fingerprints no longer must be retained;
21 specifying who bears the costs of fingerprint
22 processing; specifying that certain criminal records
23 must be used by the office for certain purposes;
24 creating s. 624.347, F.S.; providing definitions;
25 providing applicability; establishing standards for

26 compensation arrangements and oversight of affiliate
27 transactions involving insurers, managing general
28 agents, and attorneys in fact; providing penalties;
29 requiring the office to adopt rules; amending s.
30 624.424, F.S.; specifying requirements for affiliate
31 compensation arrangements; removing requirements that
32 the office consider a specified factor in determining
33 whether certain affiliate considerations and payments
34 by an insurer are fair and reasonable; amending s.
35 626.854, F.S.; requiring public adjusters, public
36 adjuster apprentices, and public adjusting firms to
37 respond to requests for claims' statuses within a
38 specified timeframe; creating s. 627.4823, F.S.;
39 providing definitions; providing reporting
40 requirements relating to universal life insurance
41 policies; providing applicability; amending s.
42 628.371, F.S.; defining the term "affiliated entity";
43 applying provisions on prohibitions against,
44 limitations on, and authority of insurers relating to
45 dividend payments and distributions to stockholders to
46 affiliated entities; providing requirements for
47 certain approvals of dividends, distributions, and
48 other financial arrangements; creating s. 628.372,
49 F.S.; providing authority of the office over affiliate
50 dividends; providing penalties; requiring the office

51 to adopt rules; amending s. 628.461, F.S.; specifying
52 the method of sending notifications regarding
53 transactions or proposed transactions of voting
54 securities of stock insurers or controlling companies;
55 revising the method of filing certain statements;
56 amending s. 629.011, F.S.; revising and providing
57 definitions; amending s. 629.071, F.S.; authorizing
58 assessable and nonassessable reciprocal insurers,
59 rather than domestic reciprocal insurers, to transact
60 insurance if they maintain specified amounts of
61 surplus funds; creating s. 629.082, F.S.; providing
62 that attorneys in fact of reciprocal insurers are
63 affiliated entities for certain purposes; amending s.
64 629.121, F.S.; providing that certain bonds filed with
65 the office as security are filed by attorneys in fact,
66 rather than attorneys, of domestic reciprocal
67 insurers; increasing the bond amount; creating s.
68 629.162, F.S.; authorizing reciprocal insurers to
69 require subscriber contributions; providing disclosure
70 and reporting requirements for subscriber
71 contributions; creating s. 629.163, F.S.; authorizing
72 reciprocal insurers to establish subscriber savings
73 accounts; providing construction; providing
74 requirements for subscriber savings accounts; creating
75 s. 629.164, F.S.; authorizing reciprocal insurers to

76 make distributions to subscribers from subscriber
77 savings accounts; granting to subscribers' advisory
78 committees sole authority to authorize distributions,
79 subject to prior written approval by the office;
80 providing requirements for reciprocal insurers that
81 prohibit subscribers from receiving distributions for
82 a specified period of time; providing construction;
83 authorizing reciprocal insurers to return to
84 subscribers unused premiums, savings, and credits
85 accruing to their accounts; authorizing domestic
86 reciprocal insurers to pay to their subscribers
87 portions of unassigned funds; providing distribution
88 limits; prohibiting distribution discrimination;
89 providing requirements for distributions and other
90 financial arrangements; amending s. 629.171, F.S.;
91 revising requirements for filing with the office
92 annual statements by reciprocal insurers; providing
93 requirements for filing annual statements of the
94 accounts and records of attorneys in fact; amending s.
95 629.201, F.S.; requiring that each domestic reciprocal
96 insurer have a subscribers' advisory committee;
97 requiring that such committee be formed in compliance
98 with specified laws; requiring that rules and
99 amendments adopted by subscribers have prior approval
100 of the office; revising subscribers' advisory

committees' duties and membership; providing for election and terms; requiring that attorneys in fact provide a communication platform to subscribers under certain circumstances; repealing s. 629.271, F.S., relating to distribution of savings; amending s. 629.291, F.S.; providing that forms filed with the office for plans to merge a reciprocal insurer with another reciprocal insurer or to convert a reciprocal insurer to a stock or mutual insurer are adopted by the Financial Services Commission rather than the office; amending s. 629.301, F.S.; specifying the manner in which impaired reciprocal insurers are proceeded against if they cannot make up deficiencies in assets; specifying the manner in which assessments are levied upon subscribers if reciprocal insurers are liquidated; providing that assessments are subject to specified limits; repealing ss. 629.401 and 629.520, F.S., relating to insurance exchange and the authority of a limited reciprocal insurer, respectively; creating s. 629.56, F.S.; requiring reciprocal insurers to maintain unearned premium reserves at all times; amending s. 624.45, F.S.; conforming a provision to changes made by the act; providing applicability timelines; providing effective dates.

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

Section 1. Paragraph (a) of subsection (4) of section 624.155, Florida Statutes, is amended to read:

624.155 Civil remedy.—

(4)(a)1. An action for bad faith involving a liability insurance claim, including any such action brought under the common law, may ~~shall~~ not lie if the insurer tenders the lesser of the policy limits or the amount demanded by the claimant within 90 days after receiving actual notice of a claim which is accompanied by sufficient evidence to support the amount of the claim.

2. For purposes of this paragraph, the term "sufficient evidence" means written or photographic evidence submitted to the insurer which indicates that the claimant has suffered personal injury or property damage. Evidence that may satisfy this requirement includes, but is not limited to:

a. Accident reports.

b. Photographs of an accident scene, physical injuries, or property damage.

c. Medical bills.

d. Repair bills.

e. Other receipts or copies of payments rendered.

3. If an insurer does not believe that the submitted evidence is sufficient evidence, the insurer must provide a

written notice of objection within 10 business days after receipt of the submitted evidence; otherwise, any objection to the sufficiency of the evidence for purposes of this paragraph is waived. The submitting party has an additional 10 business days after receipt of a written notice of objection to provide clarification or submit further evidence.

Section 2. Section 624.341, Florida Statutes, is created to read:

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

(1) The Legislature finds that criminal activity of insurers poses a particular danger to the residents of this state. Floridians rely, in good faith, on the honest conduct of those who issue and manage insurance policies and other insurance instruments in this state. To safeguard this state's residents, the Legislature finds it necessary to ensure that organizers, incorporators, subscribers, officers, employees, contractors, affiliates, stockholders, directors, owners, members, managers, or volunteers of, or any other persons who exercise or have the ability to exercise effective control of, or who influence or have the ability to influence the transaction of the business of, or any other persons involved, directly or indirectly, in the organization, operation, or

176 management of any insurer that is authorized to sell insurance
177 do not have a criminal background.

178 (2) The Department of Law Enforcement shall accept and
179 process fingerprints of organizers, incorporators, subscribers,
180 officers, employees, contractors, affiliates, stockholders,
181 directors, owners, members, managers, or volunteers involved,
182 directly or indirectly, in the organization, operation, or
183 management of:

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

186 (b) Any other entity that is examined or investigated or
187 that is eligible to be examined or investigated under the
188 Florida Insurance Code.

189 (c) Any other person or entity subject to licensure under
190 the Florida Insurance Code.

191 (3) A full set of fingerprints of persons described in
192 subsection (2) must be submitted to the office or to a vendor,
193 an entity, or an agency authorized by s. 943.053(13). The
194 office, vendor, entity, or agency shall forward the fingerprints
195 to the Department of Law Enforcement for state processing, and
196 the Department of Law Enforcement shall forward the fingerprints
197 to the Federal Bureau of Investigation for national processing
198 as described in s. 624.34. Fees for state and federal
199 fingerprint processing must be borne by the person submitting
200 the fingerprints. The state cost for fingerprint processing is

201 as provided in s. 943.053(3)(e).

202 (4) The Department of Law Enforcement may, to the extent
203 provided by federal law, exchange state, multistate, and federal
204 criminal history records with the office for the purpose of
205 issuance, denial, suspension, or revocation of a certificate of
206 authority, certification, or license to operate in this state.

207 (5) Fingerprints for each person described in subsection
208 (2) must be submitted in accordance with rules adopted by the
209 commission.

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

212 (b) The Department of Law Enforcement shall conduct the
213 state criminal history background check, and a federal criminal
214 history background check shall be conducted through the Federal
215 Bureau of Investigation.

216 (c) All fingerprints submitted to the Department of Law
217 Enforcement must be submitted and entered into the statewide
218 automated biometric identification system established in s.
219 943.05(2)(b) and available for use in accordance with s.
220 943.05(2)(g) and (h). The office shall inform the Department of
221 Law Enforcement of any person whose fingerprints are no longer
222 required to be retained.

223 (d) The costs of fingerprint processing, including the
224 costs of retaining the fingerprints, must be borne by the person
225 subject to the background checks.

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

230 (6) Statewide criminal records obtained through the
231 Department of Law Enforcement, federal criminal records obtained
232 through the Federal Bureau of Investigation, and local criminal
233 records obtained through local law enforcement agencies must be
234 used by the office for the purpose of issuance, denial,
235 suspension, or revocation of certificates of authority,
236 certifications, or licenses to operate in this state.

237 **Section 3. Section 624.347, Florida Statutes, is created**
238 **to read:**

239 624.347 Affiliate transactions; managing general agents;
240 attorneys in fact; oversight.—

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

242 (a) "Affiliated entity" means any affiliate. The term
243 includes a managing general agent, attorney in fact, and
244 reciprocal insurer when acting in a capacity that involves
245 compensation or contractual arrangements with the insurer.

246 (b) "Attorney in fact" has the same meaning as in s.
247 629.011.

248 (c) "Managing general agent" has the same meaning as in s.
249 626.015.

250 (d) "Reciprocal insurer" has the same meaning as in s.

251 629.011.

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

254 (3) COMPENSATION ARRANGEMENTS WITH AFFILIATED ENTITIES.—

255 (a) Each insurer doing business in this state which pays,
256 directly or indirectly, a fee, commission, or other financial
257 consideration or payment to any affiliated entity must provide
258 to the office documentation demonstrating that such fee,
259 commission, or other financial consideration or payment is fair
260 and reasonable for each service being provided. In determining
261 whether the fee, commission, or other financial consideration or
262 payment is fair and reasonable, the office must consider all of
263 the following:

264 1. The actual cost of each service provided by the
265 affiliated entity.

266 2. The relative financial condition of the insurer and the
267 affiliated entity.

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

269 4. The amount and purpose of any dividends or other
270 payments exchanged between the insurer and any affiliated
271 entity, including payments made to or received from the
272 affiliated entity, and any payments between affiliated entities.

273 5. Whether the terms of the written contract benefit the
274 insurer and are in the best interest of the insurer.

275 6. Any other information as the office reasonably requires

276 in making the determination.

277 (b) For each agreement with an affiliated entity in force
278 on July 1, 2025, each insurer shall provide to the office no
279 later than October 1, 2025, the cost incurred by the affiliated
280 entity to provide each service, the dollar amount charged to the
281 insurer for each service, and the dollar amount of fees
282 forgiven, waived, or reimbursed by the affiliated entity for the
283 2 most recent preceding years. If the total dollar amount
284 charged to the insurer was greater than the total cost to
285 provide services for either year, the insurer must explain how
286 it determined the fee was fair and reasonable. For any proposed
287 contract with an affiliated entity effective after July 1, 2025,
288 the insurer must provide documentation to support that the fee,
289 commission, or other financial consideration or payment to the
290 affiliated entity is fair and reasonable.

291 (c)1. All compensation arrangements between an insurer and
292 any affiliated entity entered into on or after July 1, 2026,
293 must be structured as fee for service. As used in this
294 subparagraph, the term "fee for service" means fixed amounts or
295 hourly rates for itemized services.

296 2. Compensation may not be based on:

297 a. Commission;

298 b. Premium volume;

299 c. Underwriting profit; or

300 d. Financial results of the insurer.

301 (d) This subsection does not prohibit an insurer from
302 paying a dividend or other financial arrangement to an
303 affiliated entity if such dividend or financial arrangement is
304 separately reviewed and approved by the office pursuant to this
305 section, s. 628.372, or any other applicable law.

306 (e) An agreement between an insurer and an affiliated
307 entity must include a termination clause and may not exceed a
308 term of 3 years. Any extension of such an agreement must be
309 approved by the office before becoming effective. An agreement
310 between an insurer and an affiliated entity may include
311 provisions for extension, but may not remain in effect for
312 longer than 3 years without a review pursuant to paragraph (a)
313 and approval by the office. If the agreement provides for
314 extension, the agreement must clearly state that the extension
315 is subject to approval by the office at least every 3 years.

316 (4) EMERGENCY RESTRICTIONS.—

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

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

323 (5) ADDITIONAL OVERSIGHT.—

324 (a) Any dividend paid by an insurer to an affiliated
325 entity must be reviewed and approved by the office, regardless

of whether the affiliated entity is the insurer's parent,
subsidiary, or otherwise related entity.

(b) The office may recover improper affiliated entity
payment transfers, including, but not limited to, both of the
following:

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

2. Transfers made while the insurer was undercapitalized.

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

(6) ENFORCEMENT.—

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

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

**Section 4. 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 5. Subsection (24) is added to section 626.854, Florida Statutes, to read:

626.854 "Public adjuster" defined; prohibitions.—The Legislature finds that it is necessary for the protection of the public to regulate public insurance adjusters and to prevent the unauthorized practice of law.

(24) A public adjuster, public adjuster apprentice, or public adjusting firm shall respond with specific information to a written or electronic request for a claim's status from an insured or claimant or his or her designated representative within 14 days after receipt of the request and shall document the file accordingly.

Section 6. Section 627.4823, Florida Statutes, is created to read:

627.4823 Universal life insurance policies.—

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

376 (a) "Cash surrender value" means the net cash surrender
377 value, plus any outstanding amounts as policy loans.

378 (b) "Fixed-premium universal life insurance policy" means
379 a universal life insurance policy other than a flexible-premium
380 universal life insurance policy.

381 (c) "Flexible-premium universal life insurance policy"
382 means a universal life insurance policy that allows the
383 policyowner to vary, independently of each other, the amount of
384 timing of one or more premium payments or the amount of
385 insurance.

386 (d) "Net cash surrender value" means the maximum amount
387 payable to the policyowner upon surrender.

388 (e) "Policy value" means the value of any individual life
389 insurance policy, rider, group master policy, or individual
390 certificate, under the provisions of which separately identified
391 interest credits, other than in connection with dividend
392 accumulations, premium deposit funds, or other supplementary
393 accounts, and mortality and expense charges are made to the
394 policy. A universal life insurance policy may provide for other
395 credits and charges, such as charges for the cost of benefits
396 provided by a rider.

397 (f) "Universal life insurance policy" means any individual
398 life insurance policy, rider, group master policy, or individual
399 certificate, under the provisions of which separately identified
400 interest credits and mortality and expense charges are made to

401 the policy. The policy, rider, or certificate does not apply to
402 policies, riders, group master policies, or individual
403 certificates in connection with dividend accumulations, premium
404 deposit funds, or other supplementary accounts. A universal life
405 insurance policy may provide for other credits and charges, such
406 as charges for the cost of benefits provided by a rider.

407 (2)(a) A universal life insurance policy issued in this
408 state must provide that the policyowner will be sent without
409 charge, at least annually, a report that will serve to keep the
410 policyowner advised of the status of the policy. The end date of
411 the current reporting period may not be more than 3 months
412 before the date of the mailing of the report.

413 (b) The report must include all of the following:

414 1. The beginning and end dates of the current reporting
415 period.

416 2. The policy value at the end of the previous reporting
417 period and at the end of the current reporting period.

418 3. The total amounts, identified by each type, which have
419 been credited or debited to the policy value during the current
420 reporting period.

421 4. The current death benefit at the end of the current
422 reporting period on each life covered by the policy.

423 5. The net cash surrender value of the policy as of the
424 end of the current reporting period.

425 6. The amount of outstanding loans, if any, as of the end

of the current reporting period.

7. For a fixed-premium universal life insurance policy, if, assuming the guaranteed interest, mortality and expense loads, and continued scheduled premium payment, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect in the report.

8. For a flexible-premium universal life insurance policy, if, assuming the guaranteed interest and the mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect in the report.

9. For a fixed-premium or flexible-premium universal life insurance policy, if, assuming the guaranteed interest and the mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the maturity of the contract, the projected date on which policy values will be insufficient to continue coverage in force.

(3) This section applies to all universal life insurance policies except variable contracts as defined in s. 627.8015.

Section 7. Section 628.371, Florida Statutes, is amended to read:

628.371 Dividends to stockholders.—

(1) As used in this section, the term "affiliated entity"

451 has the same meaning as in s. 624.347(1).

452 (2)~~(1)~~ A domestic stock insurer or an affiliated entity
453 shall not pay any dividend or distribute cash or other property
454 to stockholders except out of that part of its available and
455 accumulated surplus funds which is derived from realized net
456 operating profits on its business and net realized capital
457 gains.

458 (3)~~(2)~~ Dividend payments or distributions to stockholders,
459 without prior written approval of the office, shall not exceed
460 the larger of:

461 (a) The lesser of 10 percent of surplus or net gain from
462 operations (life and health companies) or net income (property
463 and casualty companies), not including realized capital gains,
464 plus a 2-year carryforward for property and casualty companies;

465 (b) Ten percent of surplus, with dividends payable
466 constrained to unassigned funds minus 25 percent of unrealized
467 capital gains;

468 (c) The lesser of 10 percent of surplus or net investment
469 income (net gain before capital gains for life and health
470 companies) plus a 3-year carryforward (2-year carryforward for
471 life and health companies) with dividends payable constrained to
472 unassigned funds minus 25 percent of unrealized capital gains.

473 (4)~~(3)~~ In lieu of ~~the provisions in~~ subsection (3) ~~(2)~~, an
474 insurer or an affiliated entity may pay a dividend or make a
475 distribution without the prior written approval of the office

when:

(a) The dividend is equal to or less than the greater of:

1. Ten percent of the insurer's or the affiliated entity's surplus as to policyholders derived from realized net operating profits on its business and net realized capital gains; or

2. The insurer's or the affiliated entity's entire net operating profits and realized net capital gains derived during the immediately preceding calendar year; ~~and~~

(b) The insurer or the affiliated entity will have surplus as to policyholders equal to or exceeding 115 percent of the minimum required statutory surplus as to policyholders after the dividend or distribution is made; ~~and~~

(c) The insurer or the affiliated entity has filed notice with the office at least 10 business days before ~~prior to~~ the dividend payment or distribution, or such shorter period of time as approved by the office on a case-by-case basis. Such notice shall not create a right in the office to approve or disapprove a dividend otherwise properly payable hereunder; and

(d) The notice includes a certification by an officer of the insurer or the affiliated entity attesting that after payment of the dividend or distribution the insurer or the affiliated entity will have at least 115 percent of required statutory surplus as to policyholders.

~~(5)-(4)~~ The office shall not approve a dividend or distribution in excess of the maximum amount allowed in

subsection (2) ~~(1)~~ unless, considering the following factors, it determines that the distribution or dividend would not jeopardize the financial condition of the insurer or the affiliated entity:

(a) The liquidity, quality, and diversification of the insurer's assets and the effect on its ability to meet its obligations.

(b) Reduction of investment portfolio and investment income.

(c) Effects on the written premium to surplus ratios as required by the Florida Insurance Code.

(d) Industrywide financial conditions.

(e) Prior dividend distributions of the insurer or the affiliated entity.

(f) Whether the dividend is only a "pass-through" dividend from a subsidiary of the insurer or the affiliated entity.

(6) ~~(5)~~ A dividend or distribution by a not-for-profit insurance company subsidiary to its mutual insurance holding company, directly or indirectly through one or more intermediate holding companies, pursuant to part III of this chapter, which meets the requirements of this section and which applies to a stock insurer, is permitted under this section.

(7) Approval of a dividend, distribution, or other financial arrangement under this section must comply with the requirements of s. 624.347.

526 **Section 8. Section 628.372, Florida Statutes, is created**
527 **to read:**

528 628.372 Authority over affiliate dividends.—

529 (1) The office has oversight and regulatory authority over
530 the issuance of dividends or other financial arrangements paid
531 to an affiliate.

532 (2) There may be no declaration or distribution of such
533 dividends or other financial arrangements without prior approval
534 of the office.

535 (3) Dividends and other financial arrangements must comply
536 with the requirements of s. 624.347.

537 (4) Any unauthorized dividend, distribution, or other
538 financial arrangement may result in penalties determined by the
539 office.

540 (5) The office must adopt rules to implement this section.

541 **Section 9. Paragraph (a) of subsection (1) and paragraph**
542 **(b) of subsection (4) of section 628.461, Florida Statutes, are**
543 **amended to read:**

544 628.461 Acquisition of controlling stock.—

545 (1) A person may not, individually or in conjunction with
546 any affiliated person of such person, acquire directly or
547 indirectly, conclude a tender offer or exchange offer for, enter
548 into any agreement to exchange securities for, or otherwise
549 finally acquire 10 percent or more of the outstanding voting
550 securities of a domestic stock insurer or of a controlling

551 company, unless:

552 (a) The person or affiliated person has filed with the
553 office and sent by registered mail to the principal office of
554 the insurer and controlling company a letter of notification
555 regarding the transaction or proposed transaction within 5 days
556 after any form of tender offer or exchange offer is proposed, or
557 within 5 days after the acquisition of the securities if no
558 tender offer or exchange offer is involved. The notification
559 must be provided on forms prescribed by the commission
560 containing information determined necessary to understand the
561 transaction and identify all purchasers and owners involved;

562
563 A filing required under this subsection must be made for any
564 acquisition that equals or exceeds 10 percent of the outstanding
565 voting securities.

566 (4)

567 (b) Any corporation, association, or trust filing the
568 statement required by this section shall give all required
569 information that is within the knowledge of the directors,
570 officers, or trustees (or others performing functions similar to
571 those of a director, officer, or trustee) of the corporation,
572 association, or trust making the filing and of any person
573 controlling either directly or indirectly such corporation,
574 association, or trust. A copy of the statement and any
575 amendments to the statement shall be sent ~~by registered mail~~ to

the insurer at its principal office within the state and to any controlling company at its principal office. If any material change occurs in the facts set forth in the statement filed with the office and sent to such insurer or controlling company pursuant to this section, an amendment setting forth such changes shall be filed immediately with the office and sent immediately to such insurer and controlling company.

Section 10. Subsection (5) of section 629.011, Florida Statutes, is amended, and subsections (6), (7), and (8) are added to that section, to read:

629.011 Definitions.—As used in this part, the term:

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

(a) An assessable reciprocal insurer is a reciprocal insurer that is able to levy an assessment on its subscribers to make up any shortfall in capital and surplus to cover claims and expenses as specified in s. 629.231.

(b) A nonassessable reciprocal insurer is a reciprocal insurer authorized under s. 629.091(3) or s. 629.291(5) to issue policies when there is no recourse against subscribers for any shortfall in capital and surplus to cover claims and expenses.

(6) "Subscriber contribution" means any transfer of money by a subscriber of a reciprocal insurer to the reciprocal

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insurer in excess of the premium approved by the office, when such money is counted as surplus for the reciprocal insurer or used to pay surplus notes.

(7) "Subscriber savings account" means any account in which a reciprocal insurer allocates money to be held in whole or in part for the benefit of an individual subscriber, other than accounts holding money for the payment of a specific claim by or settlement of a specific legal dispute with that individual subscriber.

(8) "Subscribers' advisory committee" means the governing committee of a reciprocal insurer which is formed in compliance with s. 629.201 and represents the interests of the subscribers.

Section 11. Section 629.071, Florida Statutes, is amended to read:

629.071 Surplus funds required.—

(1) An assessable ~~A domestic~~ reciprocal insurer ~~hereunder formed~~, if it has otherwise complied with the applicable provisions of this code, may be authorized to transact insurance if it has and thereafter maintains surplus funds of not less than \$3 million ~~\$250,000~~.

(2) A nonassessable reciprocal insurer, if it has otherwise complied with the applicable provisions of this code, may be authorized to transact insurance if it has and thereafter maintains a surplus as to policyholders which is equal to that required under s. 624.408 for a domestic stock insurer

626 authorized to transact like kinds of insurance ~~In addition to~~
627 ~~the surplus required to be maintained under subsection (1), the~~
628 ~~insurer shall have, when first so authorized, an expendable~~
629 ~~surplus of not less than \$750,000.~~

630 **Section 12. Section 629.082, Florida Statutes, is created**
631 **to read:**

632 629.082 Reciprocal affiliates.—The attorney in fact of a
633 reciprocal insurer is an affiliated entity of the reciprocal
634 insurer for purposes of ss. 624.10 and 624.347.

635 **Section 13. Section 629.121, Florida Statutes, is amended**
636 **to read:**

637 629.121 Attorney in fact ~~Attorney's~~ bond.—

638 (1) Concurrently with the filing of the declaration
639 provided for in s. 629.081, the attorney in fact of a domestic
640 reciprocal insurer shall file with the office a bond in favor of
641 this state for the benefit of all persons damaged as a result of
642 breach by the attorney in fact of the conditions of his or her
643 bond as set forth in subsection (2). The bond shall be executed
644 by the attorney in fact and by an authorized corporate surety
645 and shall be subject to the approval of the office.

646 (2) The bond shall be in the sum of \$300,000 ~~\$100,000~~,
647 aggregate in form, the bond conditioned that the attorney in
648 fact will faithfully account for all moneys and other property
649 of the insurer coming into his or her hands, and that he or she
650 will not withdraw or appropriate to his or her own use from the

651 funds of the insurer any moneys or property to which he or she
652 is not entitled under the power of attorney.

653 (3) The bond shall provide that it is not subject to
654 cancellation unless 30 days' advance notice in writing of
655 cancellation is given to both the attorney in fact and the
656 office.

657 **Section 14. Section 629.162, Florida Statutes, is created**
658 **to read:**

659 629.162 Subscriber contributions.—

660 (1) Reciprocal insurers may, subject to prior approval by
661 the office, require contributions from subscribers in addition
662 to premiums approved by the office.

663 (2) A reciprocal insurer shall clearly disclose required
664 subscriber contributions on the declarations page of any policy
665 issued by the reciprocal insurer, separate from any cost
666 associated with the premium.

667 (3) Reciprocal insurers must provide subscribers an annual
668 report detailing how each dollar of subscriber contributions was
669 allocated or spent.

670 **Section 15. Section 629.163, Florida Statutes, is created**
671 **to read:**

672 629.163 Subscriber savings accounts.—

673 (1) Reciprocal insurers may establish subscriber savings
674 accounts.

675 (2) Moneys placed in subscriber savings accounts are not

676 considered distributions under s. 629.164.

677 (3) Subscriber savings accounts are subject to the
678 following requirements:

679 (a) Reciprocal insurers must inform each subscriber, in
680 writing, of the limitations and restrictions imposed upon the
681 use or possession of moneys held in subscriber savings accounts.

682 (b) Reciprocal insurers must inform each subscriber, in
683 writing, of the procedures used to distribute moneys to
684 subscriber savings accounts and any calculations used to
685 determine the amount of moneys to be distributed to subscriber
686 savings accounts.

687 (c) Advertisements marketing the benefits of subscriber
688 savings accounts must note the limitations and restrictions
689 imposed upon the use or possession of moneys held in subscriber
690 savings accounts.

691 (d) Upon cancellation or nonrenewal of a subscriber's
692 policy, the subscriber is entitled to all moneys held in the
693 subscriber's savings account, except when such moneys are
694 otherwise allocated by law or contract, or when such
695 distribution is prohibited by order of the office.

696 **Section 16. Section 629.164, Florida Statutes, is created**
697 **to read:**

698 629.164 Subscriber distributions.—

699 (1) Reciprocal insurers may make distributions to
700 subscribers from their subscriber savings accounts.

701 (2) The subscribers' advisory committee has the sole
702 authority to authorize distributions, subject to prior written
703 approval by the office.

704 (3) Any reciprocal insurer that otherwise authorizes
705 distributions but prohibits subscribers from receiving
706 distributions for a specified period of time, including after
707 initial subscription, must renew the subscriber's policy for
708 that period of time plus 1 additional policy year. This
709 subsection does not prohibit the cancellation or nonrenewal of a
710 policy pursuant to s. 624.4133 or by order of the office.

711 (4) A reciprocal insurer may return to its subscribers any
712 unused premiums, savings, or credits accruing to their accounts.
713 Such distribution may not unfairly discriminate between classes
714 of risks or policies, or between subscribers, but may vary as to
715 classes of subscribers based on the experience of the classes.

716 (5) In addition to the option provided in subsection (4),
717 a domestic reciprocal insurer may, upon the prior written
718 approval of the office, pay to its subscribers a portion of
719 unassigned funds of up to 10 percent of surplus, with
720 distribution limited to 50 percent of net income from the
721 previous calendar year. Such distribution may not unfairly
722 discriminate between classes of risks or policies, or between
723 subscribers, but may vary as to classes of subscribers based on
724 the experience of the classes.

725 (6) Distributions and other financial arrangements must

726 comply with the requirements of s. 624.347.

727 **Section 17. Section 629.171, Florida Statutes, is amended**
728 **to read:**

729 629.171 Annual statement.—

730 (1) The subscribers' advisory committee shall procure an
731 audited annual statement of the accounts and records of the
732 insurer and the attorney in fact. The statement of the insurer
733 must be prepared by an independent auditor at the expense of the
734 reciprocal insurer and must be available for inspection by any
735 subscriber. The statement of the attorney in fact must be
736 prepared by an independent auditor at the expense of the
737 attorney in fact.

738 (2)(1) The annual statement filing of a reciprocal insurer
739 must shall be submitted made and filed by its attorney in fact.

740 (3)(2) The audited statement of the attorney in fact must
741 shall be submitted with the annual statement filing of the
742 reciprocal insurer, as required under s. 624.424, and
743 supplemented by such information as may be required by the
744 office relative to the affairs and transactions of the attorney
745 in fact relating insofar as they relate to the reciprocal
746 insurer.

747 **Section 18. Section 629.201, Florida Statutes, is amended**
748 **to read:**

749 629.201 Subscribers' advisory committee.—Each domestic
750 reciprocal insurer must have a subscribers' advisory committee

751 representing the interests of the subscribers.

752 (1) The subscribers' advisory committee of a domestic
753 reciprocal insurer exercising the subscribers' rights must ~~shall~~
754 be formed in compliance with this section and ~~selected~~ under
755 such rules as the subscribers adopt. Such rules, along with any
756 amendments, must be approved by the office before becoming
757 effective.

758 ~~(2) Not less than two-thirds of such committee shall be~~
759 ~~subscribers other than the attorney, or any person employed by,~~
760 ~~representing, or having a financial interest in the attorney.~~

761 ~~(2)(3)~~ The subscribers' advisory committee shall perform
762 all of the following duties:

763 (a) Supervise the finances of the insurer. ~~†~~

764 (b) Supervise the insurer's operations to such extent as
765 to ensure ~~assure~~ conformity with the subscribers' agreement, and
766 power of attorney, and other governing documents. ~~†~~

767 (c) Hire independent auditors, counsel, and other experts
768 at the expense of the insurer as necessary to fulfill the
769 committee's duties. ~~Procure the audit of the accounts and~~
770 ~~records of the insurer and of the attorney at the expense of the~~
771 ~~insurer; and~~

772 (d) Exercise any ~~Have such~~ additional powers and functions
773 as may be conferred by the subscribers' agreement.

774 (3) The initial subscribers' advisory committee must be
775 appointed by the original subscribers or the attorney in fact.

776 Within 6 months after the reciprocal insurer is authorized to
777 transact insurance, at least two-thirds of the committee members
778 must be elected as provided for in subsections (4) and (5).

779 (4) The subscribers' advisory committee must consist of
780 subscribers of the domestic reciprocal insurer. At least two-
781 thirds of the subscribers' advisory committee must consist of
782 subscribers who are independent of, not employed by, not
783 representing, not selected by, and without any financial
784 interest in the attorney in fact. The independent subscribers
785 must be elected by the subscribers of the domestic reciprocal
786 insurer.

787 (5) Any rules governing the election of subscribers to the
788 subscribers' advisory committee must require all of the
789 following:

790 (a) An electorate composed exclusively of all subscribers
791 of the reciprocal insurer.

792 (b) Terms of not more than 5 years.

793 (c) A process that allows subscribers to nominate other
794 subscribers for election to the subscribers' advisory committee.

795 (6) If a reciprocal insurer has more than 50 subscribers,
796 the attorney in fact must provide a platform by which
797 subscribers can communicate with each other regarding the
798 subscribers' advisory committee election process.

799 **Section 19.** Section 629.271, Florida Statutes, is
800 repealed.

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801 **Section 20. Effective upon this act becoming a law,**
802 **subsections (1) and (2) of section 629.291, Florida Statutes,**
803 **are amended to read:**

804 629.291 Merger or conversion.—

805 (1) A reciprocal insurer, upon affirmative vote of not
806 less than two-thirds of its subscribers who vote on such merger
807 or conversion pursuant to due notice, and subject to approval by
808 the office of the terms therefor, may merge with another
809 reciprocal insurer or be converted to a stock or mutual insurer,
810 to be thereafter governed by the applicable sections of the
811 Florida Insurance Code. However, a domestic stock insurer may
812 not convert to a reciprocal insurer.

813 (2) A plan to merge a reciprocal insurer with another
814 reciprocal insurer or for conversion of the reciprocal insurer
815 to a stock or mutual insurer must be filed with the office on
816 forms adopted by the commission ~~office~~ and must contain such
817 information as the office reasonably requires to evaluate the
818 transaction.

819 **Section 21. Section 629.301, Florida Statutes, is amended**
820 **to read:**

821 629.301 Impaired reciprocal insurers.—

822 (1) If the assets of a domestic reciprocal insurer are at
823 any time insufficient to discharge its liabilities, other than
824 any liability on account of funds contributed by the attorney in
825 fact or others, and to maintain the required surplus, its

826 attorney in fact shall forthwith make up the deficiency or levy
827 an assessment upon the subscribers for the amount needed to make
828 up the deficiency, but subject to the limitation set forth in
829 the power of attorney or policy.

830 (2) If the attorney in fact fails to make up such
831 deficiency or to make the assessment within 30 days after the
832 office orders the attorney in fact ~~him or her~~ to do so, or if
833 the deficiency is not fully made up within 60 days after the
834 date the assessment was made, the insurer shall be deemed
835 insolvent and shall be proceeded against in the same manner as
836 any other insurer under chapter 631 and the insurance as
837 ~~authorized by this~~ code.

838 (3) If liquidation of a reciprocal ~~such an~~ insurer is
839 ordered, the receiver shall levy an assessment ~~shall be levied~~
840 upon the subscribers an assessment for such an amount as the
841 receiver determines to be necessary to discharge all liabilities
842 of the insurer. The liabilities must be, ~~subject to limits as~~
843 ~~provided by this chapter, as the office determines to be~~
844 ~~necessary to discharge all liabilities of the insurer,~~ exclusive
845 of any funds contributed by the attorney in fact or other
846 persons, but inclusive of including the reasonable cost of the
847 liquidation. The assessment is subject to any limits set forth
848 in the power of attorney, the policy, or this chapter.

849 **Section 22.** Section 629.401, Florida Statutes, is
850 repealed.

851 **Section 23.** Section 629.520, Florida Statutes, is
852 repealed.

853 **Section 24. Section 629.56, Florida Statutes, is created**
854 **to read:**

855 629.56 Unearned premium reserves.—A reciprocal insurer
856 must maintain an unearned premium reserve at all times and as
857 required under s. 625.051.

858 **Section 25. Subsection (2) of section 624.45, Florida**
859 **Statutes, is amended to read:**

860 624.45 Participation of financial institutions in
861 reinsurance and in insurance exchanges.—Subject to applicable
862 laws relating to financial institutions and to any other
863 applicable provision of the Florida Insurance Code, any
864 financial institution or aggregation of such institutions may:

865 (2) Participate, directly or indirectly, as an
866 underwriting member or as an investor in an underwriting member
867 of any insurance exchange ~~authorized in accordance with s.~~
868 ~~629.401,~~ which underwriting member transacts only aggregate or
869 specific excess insurance over underlying self-insurance
870 coverage for self-insurance organizations authorized under the
871 Florida Insurance Code, for multiple-employer welfare
872 arrangements, or for workers' compensation self-insurance
873 trusts, in addition to any reinsurance the underwriting member
874 may transact.

Nothing in this section shall be deemed to prohibit a financial institution from engaging in any presently authorized insurance activity.

Section 26. Reciprocal insurers licensed before July 1, 2025, have until July 1, 2026, to comply with the changes made to subscribers' advisory committees in s. 629.201, Florida Statutes. Reciprocal insurers licensed before July 1, 2025, have until July 1, 2027, to comply with the unearned premium reserve requirements imposed under s. 629.56, Florida Statutes.

Section 27. Except as otherwise expressly provided in this act and except for this section, which shall take effect upon this act becoming a law, this act shall take effect July 1, 2025.