

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: CS/HB 1263 TITLE: Office of Insurance Regulation Background Screening Regulations SPONSOR(S): Chaney	COMPANION BILL: None LINKED BILLS: CS/HB 1265 Chaney RELATED BILLS: None
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Committee References

[Insurance & Banking](#)
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SUMMARY

Effect of the Bill:

The bill addresses several matters related to the regulation of insurance in Florida including:

- Granting OIR and the Department of Financial Services (“DFS”) the authority to issue cease and desist orders for unlicensed activity.
- Providing that OIR may examine administrators, which includes Pharmacy Benefit Managers (PBMs).
- Requiring background checks for key insurance personnel, and authorizing the Florida Department of Law Enforcement and the Federal Bureau of Investigations to process fingerprints.
- Requiring OIR to be copied in the notice provided to the Department of Legal Affairs in the event of data breaches that affect insurers or other entities subject to OIR’s jurisdiction.
- Requiring private passenger automobile insurers and residential property insurers to use certain models approved by the Florida Commission on Loss Projection Methodology.
- Requiring full rate filings from private passenger automobile insurers after two years of certifying that current rates are actuarially sound and adequate.
- Requiring minimum mitigation discounts for structures that meet or exceed building code requirements.
- Aligning Florida law with National Association of Insurance Commissioners (“NAIC”) accreditation requirements by requiring the ultimate controlling person of an insurer to file an annual group capital calculation and a liquidity stress test.
- Requiring Attorneys in Fact of Reciprocal Insurers to obtain a registration from OIR.

Fiscal or Economic Impact:

The bill may have an indeterminate fiscal impact on state government and the private sector.

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ANALYSIS

EFFECT OF THE BILL:

Authority of the Office of Insurance Regulation

The bill clarifies that the [Office of Insurance Regulation](#) (“OIR”) is responsible for all activities concerning other entities under its jurisdiction, in addition to their current statutory authority over insurers and other risk bearing entities.¹ (Section [1](#)).

¹ According to OIR, this change is necessary to clarify that OIR has jurisdiction to regulate entities that are within OIR’s jurisdiction but are not risk bearing. Email from Seth Stubbs, Director of Legislative and Cabinet Affairs, Office of Insurance Regulation, Explanation of Sections 1 & 22 (Feb. 5, 2026).

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The bill grants OIR and the Department of Financial Services (“DFS”) the authority to issue cease and desist orders when there is probable cause that a person is performing activities that require a license, registration, or certificate of authority from OIR or DFS without holding the required authorization. (Section [3](#)).

The authority to issue a cease and desist extends to any person who aids and abets in the violation of the Florida Insurance Code. To enforce a cease and desist issued under this provision, OIR or DFS may file an action for a court proceeding seeking an injunction against a person who violates any provision of the cease and desist order. (Section [3](#)).

The bill provides that OIR may examine [administrators](#), as often as it deems necessary. (Section [5](#)).

Background Checks

The bill authorizes the Florida Department of Law Enforcement (“FDLE”) to accept and process fingerprints and exchange [criminal history records](#) for individuals involved in the insurance industry. The bill requires background checks for a wide range of persons associated with insurers or insurance-related entities, including organizers, officers, employees, contractors, volunteers, and others who may influence or control insurance operations. (Section [6](#)).

Fingerprints must be submitted to OIR, an authorized vendor, or authorized agency and will be processed by both the FDLE, for the state portion of the criminal background check, and the Federal Bureau of Investigation (“FBI”) for the national portion of the criminal background check. The results of the background checks will be used by the OIR to determine whether individuals meet eligibility requirements for licensure, certification, or authority to operate under the Florida Insurance Code. The bill also provides procedures for submission, retention, and cost responsibilities associated with fingerprint processing and background checks. (Section [6](#))

Fees for state and federal fingerprinting processing must be paid by the person submitting them.² (Section [6](#)).

Cybersecurity

Current law requires certain entities³ to provide a [notice to the Department of Legal Affairs](#) whenever there is a breach of security⁴ affecting 500 or more individuals in Florida.⁵ The bill requires entities subject to the jurisdiction of OIR to copy OIR on the notice provided to the Department of Legal Affairs. (Section [2](#)).

Covered entities that are required to notify OIR of a security breach must provide the following information to OIR upon request:

- A police report, incident report, or computer forensics report.
- A copy of the policies in place regarding breaches.
- Steps that have been taken to rectify the breach. (Section [2](#)).

Rate Filings

The bill provides that, beginning January 1, 2027, the projected comprehensive losses used to determine a hurricane catastrophe load for private passenger automobile insurance rate filings must be estimated using a model or method approved by the [Florida Commission on Hurricane Loss Projection Methodology](#). (Section [7](#)).

² According to FDLE, the cost for a statewide criminal history record check is \$24, and if the person is required to undergo a state and national criminal history record check, the total cost is \$36. See Florida Department of Law Enforcement, Agency Analysis of 2026 House Bill 1263, p. 3 (Feb. 5, 2026).

³ These entities are referred to as “covered entities” in statute, and include sole proprietorships, partnerships, corporations, trusts, estates, cooperatives, associations, or other commercial entities that acquire, maintain, store, or use personal information. For purpose of notice requirements, it also includes governmental entities.

⁴ A “breach of security” means “unauthorized access of data in electronic form containing personal information.” [S. 501.171\(1\)\(a\), F.S.](#)

⁵ [S. 501.171\(3\)\(a\), F.S.](#)

The bill provides that, beginning January 1, 2027, projected flood losses for personal residential property insurance must be estimated using a model or method approved by the Florida Commission on Hurricane Loss Projection Methodology. (Section [7](#)).

Current law provides that if no rate change is proposed, an insurer may file with OIR a certification by an actuary that existing rate levels produce rates which are actuarially sound and not inadequate. The bill provides that residential property insurers and private passenger automobile insurers must file with OIR a full [rate filing](#) after two consecutive years of certifying the current rate is adequate. (Section [10](#)).

Mitigation Discounts, Credits, and Other Rate Differentials

The bill provides that OIR must determine minimum [discounts, credits, other rate differentials](#), and appropriate reductions in deductibles for fixtures and construction techniques that meet or exceed the minimum requirements of the Florida Building Code. (Section [9](#)).

The bill provides that OIR's determination of a minimum discount may not prohibit an insurer from seeking additional actuarially justified credits, discounts, or other rate differentials, or appropriate reductions in deductibles for fixtures of construction techniques that meet or exceed the minimum requirements of the Florida Building Code. (Section [9](#)).

The bill provides that the notification form⁶ sent to policyholders at the time of issuance of an insurance policy and upon each renewal must notify the policyholder if the insurer offers an enhanced discount for a roof system that uses a secondary water resistance. (Section [11](#)).

Statewide Database of Uniform Mitigation Verification Inspection Forms

The bill requires OIR to contract with a state university to design, operate, upgrade, and maintain a statewide database for [uniform mitigation verification inspection forms](#). Beginning January 1, 2027, the bill requires insurers to electronically file in this database a copy of each uniform mitigation inspection form submitted by a policyholder within 15 days of receipt. (Section [11](#)).

Assignment of Benefits Data Call

The bill repeals the requirement for insurers to report annually data on each residential and commercial property insurance claim paid in the prior calendar year under an [assignment agreement](#). (Section [12](#)).

Insurer Experience Reporting

Beginning January 1, 2027, the bill requires each insurer transacting private passenger automobile insurance in Florida to report monthly to OIR [the following information](#):

- Policy coverage categories, including policies in force and total direct premiums earned and written.
- The type, location, and limits of writings in this state.
- Claims reporting requirements.
- Any other information deemed necessary by the Financial Services Commission ("FSC") to provide OIR with the ability to track trends occurring in the private passenger automobile insurance market. (Section [13](#)).

The bill deletes a requirement for insurers in various lines of liability⁷ to annually report to OIR specified information on premiums, reserves, expenses, losses, income, fees, acquisition costs, general expenses, dividends, and investments. (Section [13](#)).

⁶ The form must notify policyholders of the availability of each premium discount, credit, other rate differential, or reductions in deductibles for windstorm mitigation and home hardening fixtures or techniques. The form must list actions a policyholder may take to reduce their windstorm premium. See [s. 627.711\(1\), F.S.](#)

⁷ The lines include: fire, homeowners' multiple peril, commercial multiple peril, commercial multiple peril, medical malpractice, products liability, workers' compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers' and directors' liability insurance, and other liability insurance.

Group Capital Calculation and Liquidity Stress Test Framework

The bill requires the ultimate controlling person of every insurer that is a member of an insurance holding company system⁸ to file an annual [group capital calculation report](#) on or before April 1, unless specifically exempt. Exemptions include:

- Insurance holding company systems with only one insurer, that is only licensed and writing business in its domestic state, and does not assume business from any other insurer.
- Insurance holding company systems that are already required to perform a group capital calculation by the United States Federal Reserve Board.
- Insurance holding company systems whose non-U.S. group-wide supervisor⁹ is located in a reciprocal jurisdiction that recognizes the United States’ regulatory approach to group supervision and group capital.
- An insurance holding company system that meets both of the following:
 - It provides information to the lead state that meets the requirements for accreditation under the [National Association of Insurance Commissioners](#) (“NAIC”) Financial Standards and Accreditation Program, either directly or indirectly, through the group-wide supervisor who has determined that the information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook.
 - Its non-U.S. group-wide supervisor is not in a reciprocal jurisdiction, as described in section 1103, and recognizes and accepts, as specified by the director, the group capital calculation as the world-wide group capital assessment for U.S. insurance groups that operate in that jurisdiction. (Section [14](#)).

If OIR determines that an insurance holding company no longer meets one of the exemptions above, the ultimate controlling person of the insurer must file the group capital calculation report at the next annual filing date, unless OIR grants an extension based on reasonable grounds. (Section [14](#)).

If an insurance holding company system has previously filed the annual group capital calculation report at least once, OIR may exempt the ultimate controlling person from filing the annual group capital calculation report, or accept a limited group capital filing instead of a full annual group capital calculation report, if the insurance holding company system meets all of the following criteria:

- Has an annual direct and unaffiliated assumed premium¹⁰ of less than \$1 billion, excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program.
- Does not have insurers within its holding company structure that are domiciled outside of the United States or one of its territories.
- Does not have a banking, depository, or other financial entity that is subject to a regulatory capital framework¹¹ within its holding company structure.
- Attests that there are no material changes in the transactions between insurers and noninsurers in the group which have occurred since the last filing of the annual group capital calculation report.
- The noninsurers within the holding company system do not pose a material financial risk to the insurer’s ability to honor policyholder obligations. (Section [14](#)).

⁸ An insurance holding company system consists of two or more affiliated persons, one or more of which is an insurer. *See* R. 690-143.0465, F.A.C.

⁹ A group-wide supervisor is defined in the bill as the regulatory official authorized to engage in conducting and coordinating group-wide supervision activities who is determined or acknowledged by the Insurance Commissioner to have sufficient contacts with an internationally active insurance group..

¹⁰ “Direct written premiums” represent the total amount of premiums for policies sold to customers, before deducting any reinsurance ceded. “Assumed premiums” are the revenue received for policy coverage that is provided due to a reinsurance agreement. *See* Investopedia, *Understanding Direct Premiums Written: Definition and Impact* (Jan. 9, 2026) <https://www.investopedia.com/terms/d/direct-premiums-written.asp> (last visited Feb. 8, 2026). “Unaffiliated assumed premiums” are assumed premiums, when the insurance company takes on the risk from an insurance company outside its holding company system.

¹¹ “Regulatory capital framework” means the legal requirements specifying the minimum amount of capital a company must hold to avoid increased regulatory scrutiny. . The term includes the NAIC risk-based capital frameworks. *See* 12 CFR § 217.601(2023).

If an insurance holding company system was granted an exemption due to a previous filing of the annual group capital calculation report, OIR may require the ultimate controlling person to file an annual group capital calculation report at any time, if any of the following criteria are met:

- An insurer within the holding company system is in a risk-based capital action level event or a similar standard for a non-United States insurer.
- An insurer within the holding company system meets one or more of the standards of an insurer deemed to be in a hazardous financial condition.
- An insurer within the holding company system otherwise exhibits qualities of a troubled insurer as determined by OIR.

The bill requires the ultimate controlling person of every insurer that is a member of an insurance holding company system to file the results of a specific year's liquidity¹² stress test annually on or before April 1, provided that the insurer meets at least one threshold of the scope criteria¹³ adopted by the NAIC for that year. (Section 15).

The bill provides that the group capital calculation report and the liquidity stress test are regulatory tools to assess group risks, capital adequacy, and group liquidity risks, and are not intended to rank insurers or insurance holding company systems.

The bill prohibits insurers, brokers, and any other person engaged in the business of insurance from making any representation or statement about the results of the group capital calculation or the liquidity stress test. The bill also provides that an insurer may publish announcements for the sole purpose of rebutting a materially false representation about the group capital calculation or liquidity stress test results. (Section 16).

Registration of Attorneys in Fact

The bill creates a registration for the [attorney in fact](#) of a reciprocal insurer. The application for registration as an attorney in fact must be made under oath and must include:

- All basic organizational documents, and any amendments to such documents, of the applicant dated within the last year and appropriately certified.
- The bylaws, rules, and regulations or similar documents regulating the conduct of the internal affairs of the applicant, other applicable documents, and all amendments to those documents, dated within the last year and appropriately certified.
- A copy of the most recent financial statement of the applicant, verified under oath by at least two of the applicant's principal officers.
- A detailed plan of operation.
- An e-mail address at which the applicant agrees to accept electronic service from OIR.
- Background information for each individual who is responsible for the conduct of the applicant's affairs.
- Any other information OIR may reasonably require. (Section 17).

The bill provides that OIR may not require an applicant to pay a fee for the attorney in fact registration or for filing an application for the registration. (Section 17).

Once an applicant files the sworn application, OIR must investigate each applicant, and may issue a registration if OIR finds the applicant:

- Is competent and trustworthy, and intends use the registration to act in good faith.
- Has management that has a good business reputation and has had experience, training, or education that qualifies the applicant to conduct business as an Attorney in Fact.

¹² Generally, liquidity means an insurer's or holding company's ability to promptly meet its short-term financial obligations, like paying claims, using cash or investments, without incurring significant losses. See Investopedia, *Understanding Current Liquidity in Insurance: Key Concepts Explained*, <https://www.investopedia.com/terms/c/current-liquidity.asp#> (Last visited Feb. 9, 2026).

¹³ "Scope criteria" means the exposure bases (activities assumed to be correlated with liquidity risk) designated by the NAIC for the specified data year. These exposure bases are used to establish a preliminary list of insurers considered scoped into the Liquidity Stress Test Framework.

- Has a business plan that is consistent with the interests of potential insureds and the public. (Section [17](#)).

The bill provides that the registration renews automatically on March 1 every year, provided the attorney in fact remains qualified under chapter 629, F.S., which regulates reciprocal insurers. The bill provides that OIR may not require an attorney in fact to pay a fee for the renewal of the registration. (Section [18](#)).

The bill provides grounds for denial, suspension, or revocation of an attorney in fact's registration. These grounds include that OIR determined the attorney in fact:

- Has violated any lawful rule or order of the FSC or OIR or any applicable provision of the Insurance Code.
- Has used or is using methods or practices in the conduct of its business which render its further transaction of business in this state hazardous or injurious to insured persons or the public.
- Has refused to be examined or to produce its accounts, records, and files for examination.
- Is or was affiliated with another attorney in fact which transacts business in Florida without a registration.
- Fails at any time to meet the qualifications required for issuance of the registration.
- Is under suspension or revocation in Florida or another state for any license related to insurance.
- Is under receivership, conservatorship, or rehabilitation proceedings in Florida or another state.
- Has financial conditions or business practices that pose a threat to the health, safety, or welfare of the residents of Florida. (Section [19](#)).

The bill provides that the suspension or revocation of an attorney in fact's registration takes effect when the order is mailed by OIR to the attorney in fact by registered or certified mail, and sent electronically to the e-mail address provided in the application. The bill authorizes OIR to publish notice of the suspension or revocation of an attorney in fact's registration in one or more newspapers of general circulation published in Florida. (Section [20](#)).

The bill provides that a suspension may not exceed one year, and that upon the end of the suspension period, the registration is automatically reinstated. (Section [21](#)).

The bill provides that OIR may impose administrative fines in lieu of suspension, revocation, or nonrenewal. These fines include:

- For nonwillful violations, OIR may impose fines of up to \$5,000 for each violation, which may not exceed \$50,000 for all nonwillful violations arising out of the same action.
- For knowing and willful violations, OIR may impose fines of up to \$25,000 per violation, which may not exceed \$250,000 for all violations arising out of the same action.
- For knowing and willful violations of a lawful order issued by OIR or the FSC during a declared state of emergency, OIR may impose a \$200,000 fine for each violation, up to \$1,000,000 for all knowing and willful violations arising out of the same action. (Section [22](#)).

Effective Date

The bill provides an effective date of July 1, 2026.

RULEMAKING:

The bill requires the [Financial Services Commission](#) ("FSC") to adopt rules to implement the statewide database of uniform mitigation verification inspection forms. (Section [11](#)).

The bill requires the FSC to adopt rules specifying the information private passenger automobile insurers must file monthly as part of the insurer experience reporting requirement. (Section [13](#)).

The bill allows the FSC to adopt rules for the filing of the annual group capital calculation report in accordance with the Insurance Holding Company System Regulatory Act of the NAIC and the Insurance Holding Company System Model Regulation of the NAIC, as adopted in December 2020. (Section [14](#)).

The bill allows OIR to adopt rules for filing the results of the liquidity stress test in accordance with the Insurance Holding Company System Regulatory Act of the NAIC and the Insurance Holding Company System Model Regulation of the NAIC. (Section [16](#)).

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill may have an indeterminate fiscal impact on the Office of Insurance Regulation to the extent it may require additional resources to ensure compliance with the requirements of the bill, including processing applications for Attorney in Fact registrations.

PRIVATE SECTOR:

The bill may have an indeterminate economic impact on the private sector to the extent insurers may need to use additional resources to ensure compliance with the requirements of the bill.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Office of Insurance Regulation

The Office of Insurance Regulation (“OIR”) regulates all activities relating to insurers and other risk bearing entities, including licensing, rates, policy forms, marked conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision.¹⁴ OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each authorized insurer in the state.¹⁵ As part of that process, insurers must make available all records relating to the subject of the examination.¹⁶ OIR is also authorized to carry out market conduct examinations to determine compliance with the Florida Insurance Code.¹⁷

Financial Services Commission

The Financial Services Commission is composed of the Governor, the Chief Financial Officer, the Attorney General, and the Commissioner of Agriculture and it serves as agency head of the OIR for purposes of rulemaking.¹⁸ The Financial Services Commission encompasses two offices: the Office of Insurance Regulation (responsible for insurers and risk bearing entities) and the Office of Financial Regulation (responsible for the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry).¹⁹

Administrators

An administrator is a person or entity that markets or arranges insurance coverage, collects premiums or other charges, or processes, adjusts, or settles claims, in connection with authorized commercial self-insurance funds or insured or self-insured programs that provide life or health insurance.²⁰ The term includes a person or entity that under a health care risk contract with an insurer or health maintenance organization provides billing and

¹⁴ [S. 20.121\(3\)\(a\), F.S.](#)

¹⁵ [S. 624.316\(1\)\(a\), F.S.](#)

¹⁶ [S. 624.318\(2\), F.S.](#)

¹⁷ [S. 624.3161, F.S.](#)

¹⁸ [S. 20.121\(3\), F.S.](#)

¹⁹ *Id.*

²⁰ [S. 626.88\(1\), F.S.](#)

collection services to insurers or HMOs on behalf of health care providers.²¹ The term also includes pharmacy benefit managers.²²

Background Checks

The Florida Department of Law Enforcement (“FDLE”) is responsible for processing criminal history background checks and fingerprint submissions for a wide range of professions and regulatory programs, including those involving licensure and employment eligibility.²³ FDLE is authorized to exchange fingerprint data with the United States Department of Justice (“DOJ”) as part of national criminal history checks.²⁴ The Federal Bureau of Investigation (“FBI”) is the principal investigative arm of the DOJ.²⁵

As part of Florida’s oversight of the insurance industry, FDLE provides access to criminal history information to noncriminal justice agencies, such as the Department of Financial Services (“DFS”), for use in evaluating insurance licensure applications.²⁶ Individuals applying for licenses—such as insurance agents, adjusters, and other regulated professionals—must submit to fingerprint-based background screenings.²⁷ Fingerprints must be submitted electronically through a LiveScan vendor approved by FDLE.²⁸ FDLE processes the fingerprints and transmits the results to the appropriate licensing authority, typically DFS, to determine the applicant’s eligibility.²⁹

The FBI will not approve access to national criminal history record information for the purpose of licensing or employment unless all of the following criteria are satisfied:³⁰

- The statute must exist as a result of a legislative enactment.
- It must require the fingerprinting of applicants who are subjected to a national criminal history record check.
- It must authorize the use of FBI records for the screening of applicants.
- It must specify the specific categories of licensees or employees falling within its purview, thereby avoiding overbreadth.
- It may not authorize receipt of the criminal history record information to a private entity.

Notice to the Department of Legal Affairs about Security Breach

Current law provides that entities that acquire, maintain, store, or use personal information must provide notice to the Department of Legal Affairs of any breach of security that affects 500 or more individuals in Florida.³¹ The notice must be provided to the Department of Legal Affairs as soon as possible, but no later than 30 days following the determination of the breach or reason to believe a breach occurred.³² An entity may receive 15 additional days to provide the required notice if good cause for delay is provided in writing to the Department of Legal Affairs.³³

The notice must include:³⁴

- A synopsis of the events surrounding the breach at the time the notice is provided.

²¹ *Id.*

²² *Id.*

²³ [S. 943.053, F.S.](#)

²⁴ [S. 943.054, F.S.](#)

²⁵ Federal Bureau of Investigations, *What is the FBI*, <https://www.fbi.gov/about/faqs/what-is-the-fbi> (last visited Feb. 7, 2026).

²⁶ [S. 943.053\(3\)\(a\), F.S.](#)

²⁷ [S. 626.171\(4\), F.S.](#)

²⁸ Florida Department of Financial Services, *Fingerprinting Information*, <https://www.myfloridacfo.com/division/agents/licensing/agents-and-adjusters/fingerprinting-information>. (last visited on Feb. 7, 2026).

²⁹ *Id.*

³⁰ Florida Department of Law Enforcement, Agency Analysis of 2026 House Bill 1263, p. 4 (Feb. 5, 2026).

³¹ [S. 501.171, F.S.](#)

³² *Id.*

³³ *Id.*

³⁴ *Id.*

- The number of individuals in Florida who were or potentially have been affected by the breach.
- Any services related to the breach being offered or scheduled to be offered, without charge, by the entity to the affected individuals, and instructions on how to use those services.
- A copy of the notice sent to the affected individuals.
- The name, address, telephone number, and e-mail address of the employee or agent of the entity that can provide additional information about the breach.

Florida Commission on Hurricane Loss Projection Methodology

The Florida Commission on Hurricane Loss Projection Methodology was created in 1995 by the Legislature to serve as an independent panel to evaluate computer simulation models and other recently developed or improved actuarial methodologies for projecting hurricane and flood losses.³⁵

The Legislature determined that the Florida Commission on Hurricane Loss Projection Methodology was necessary to ensure rates are neither excessive nor inadequate, and that computer modeling has made it possible to improve the accuracy of hurricane and flood loss projections.³⁶

Rate Filings

Insurers³⁷ are required to submit an annual base rate filing for each line they write. There are two ways an insurer can satisfy this requirement:³⁸

- A rate filing prepared by an actuary, including documentation demonstrating that the proposed rates are not excessive, inadequate, or unfairly discriminatory.
- If no rate change is proposed, a filing which consists of a certification by an actuary that the existing rate level produces rates which are actuarially sound and which are not inadequate.

Mitigation Discounts, Credits, and Other Rate Differentials

Residential property insurance rate filings must account for mitigation measures undertaken by policyholders to reduce hurricane losses.³⁹ Specifically, the rate filings must include actuarially reasonable discounts, credits, or other rate differentials or appropriate reductions in deductibles to consumers who implement windstorm damage mitigation techniques to their properties.⁴⁰

Upon their filing by an insurer or rating organization, OIR determines the discounts, credits, other rate differentials and appropriate reductions in deductibles that reflect the full actuarial value of such revaluation,⁴¹ which in turn may be used in rate filings under the rating law. Windstorm mitigation measures that must be evaluated for purposes of mitigation discounts include fixtures or construction techniques that enhance roof strength, roof covering performance, roof-to-wall strength, wall-to-floor-to-foundation strength, opening protection, and window, door, and skylight strength.⁴²

An insurer is required to notify an applicant or policyholder of any personal lines residential property insurance policy, at the time of the issuance of the policy and at each renewal, of the availability of each premium discount, credit, other rate differential for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm can be or have been installed or implemented.⁴³

³⁵ Florida Commission on Hurricane Loss Projection Methodology, *About the FCHLPM*, <https://fchlpm.sbafla.com/about-the-fchlpm/> (last visited Feb. 8, 2026).

³⁶ *Id.*

³⁷ Workers' compensation carriers, employer's liability insurers, and most types of commercial property and casualty insurers are excluded from this requirement. See [s. 627.0645\(1\), F.S.](#)

³⁸ [S. 627.0645, F.S.](#)

³⁹ [S. 627.062\(2\), F.S.](#)

⁴⁰ [S. 627.0629, F.S.](#)

⁴¹ *Id.*

⁴² *Id.*

⁴³ [S. 627.711\(1\), F.S.](#)

[Uniform Mitigation Verification Inspection Forms](#)

Current law requires the Financial Services Commission (“FSC”) to develop by rule a uniform mitigation verification inspection form that must be used by all insurers when submitted by policyholders for the purpose of factoring discounts for wind insurance.⁴⁴

[Insurer Experience Reporting](#)

Each insurer transacting insurance business in Florida must report certain information annually to the OIR.⁴⁵ The information for an insurer transacting private passenger automobile insurance must be on direct insurance writings in Florida alone, represent total limits data, and be divided into the following categories: bodily injury liability; property damage liability; uninsured motorist; personal injury protection benefits; medical payments; comprehensive and collision.⁴⁶

The information for an insurer transacting fire, homeowner’s multiple peril, commercial multiple peril, medical malpractice, products liability, workers’ compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers’ and directors’ liability insurance, or other liability insurance must be reported for direct Florida business only and be reported on a calendar-year basis annually by April 1 for the preceding calendar year.⁴⁷

OIR must provide a summary of this information in its annual report.⁴⁸

[Assignment of Benefits Data Call](#)

An assignment is the voluntary transfer of the rights of one party under a contract to another party; the transfer by a party to another party of some valuable interest.⁴⁹ In 2022,⁵⁰ the Legislature prohibited the assignment, in whole or in part, of any post-loss insurance benefit under any residential property insurance policy or under any commercial property insurance policy issued on or after January 1, 2023.⁵¹

[Group Capital Calculation and Liquidity Stress Test](#)

The [National Association of Insurance Commissioners](#) (“NAIC”) is the standard-setting and regulatory organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five United States territories.⁵² The organization sets standards and regulatory best practices.

In December 2020, the NAIC adopted amendments to the NAIC Holding Company Model Act. These amendments included implementing a group capital calculation and liquidity stress framework, with the goal of providing insurance regulators with more tools for conducting group-wide supervision of holding companies.⁵³ Specifically, the NAIC has noted that the group capital calculation will:⁵⁴

- provide key financial information on the insurance group;
- quantify risk across the insurance group;
- support transparency into how capital is allocated; and
- aid regulators in understanding whether and to what degree insurance companies are supporting the operations of non-insurance entities.

⁴⁴ [S. 627.711, F.S.](#)

⁴⁵ [S. 627.915, F.S.](#)

⁴⁶ [S. 627.915\(1\), F.S.](#)

⁴⁷ [S. 627.915\(2\), F.S.](#)

⁴⁸ [S. 627.915\(4\), F.S.](#)

⁴⁹ Black’s Law Dictionary, 2nd Ed., <https://thelawdictionary.org/assignment/> (last visited Feb. 7, 2026).

⁵⁰ Section 21, ch. 2022-271, L.O.F.

⁵¹ [S. 627.7152\(13\), F.S.](#)

⁵² National Association of Insurance Commissioners (“NAIC”), *What is the NAIC and what does it do?*, <https://content.naic.org/sites/default/files/about-naic.pdf> (last visited Feb. 3, 2026).

⁵³ NAIC, *The NAIC Group Capital Calculation, Liquidity Stress Test, and Receivership Provisions* (August 2025),

<http://content.naic.org/sites/default/files/government-affairs-brief-gccc-liquidity-receivership.pdf> (last visited Feb. 2, 2026).

⁵⁴ *Id.*

The NAIC has indicated that implementation of these revisions will likely become an NAIC accreditation requirement on January 1, 2026.⁵⁵ According to the NAIC, its accreditation program fosters inter-state cooperation, reduces duplicative regulation, and provides baseline consumer protections.⁵⁶ NAIC accreditation allows regulators of multi-state insurers to rely on the domiciliary state's solvency regulations to avoid duplication of effort and expense.⁵⁷ For example, instead of performing its own examination, a state may accept the examination report prepared by an insurance department that was accredited at the time of examination.⁵⁸ According to the NAIC, this cooperation saves insurance companies, and thus consumers, millions of dollars.⁵⁹ The loss of accreditation could lead to the loss of domestic insurers.⁶⁰

Attorneys in Fact

A reciprocal insurance exchange is an insurance enterprise where subscribers enter into direct agreements with each other, pledging to contribute proportionally to cover losses experienced by fellow members.⁶¹ The customers, known as subscribers, sign an agreement authorizing an agent to act as their attorney in fact for the purpose of insurance.⁶² The attorney in fact is usually a management company, and they are authorized to sign contracts on behalf of all subscribers.⁶³

⁵⁵ *Id.*

⁵⁶ NAIC, *The NAIC Accreditation Program* (Jan. 2024), <https://content.naic.org/sites/default/files/government-affairs-brief-accreditation-program.pdf> (last visited Feb, 3, 2026).

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ Andrew Verstein, *Enterprise Without Entities*, 116 MICH. L. REV. 247, 249 (2017), https://repository.law.umich.edu/cgi/viewcontent.cgi?params=/context/mlr/article/1672/&path_info=Enterprise_Without_Entities_revised_first_page.pdf.

⁶² *Id.* at 264.

⁶³ *Id.* at 251.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee	18 Y, 0 N, As CS	2/11/2026	Brackett	Miguez

THE CHANGES ADOPTED BY THE COMMITTEE:

- Granted OIR and the Department of Financial Services the authority to issue cease and desist orders for unlicensed activity.
- Provided that OIR may examine administrators, which includes Pharmacy Benefit Managers (PBMs).
- Required OIR to be copied in the notice provided to the Department of Legal Affairs in the event of data breaches that affect insurers or other entities subject to OIR’s jurisdiction.
- Required private passenger automobile insurers and residential property insurers to use certain models approved by the Florida Commission on Loss Projection Methodology.
- Required full rate filings from private passenger automobile insurers after two years of certifying that current rates are actuarially sound and adequate.
- Required minimum mitigation discounts for structures that meet or exceed building code requirements.
- Aligned Florida law with National Association of Insurance Commissioners (“NAIC”) accreditation requirements by requiring the ultimate controlling person of an insurer to file an annual group capital calculation and a liquidity stress test.
- Required Attorneys in Fact of Reciprocal Insurers to obtain a registration from OIR.

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.
