

<b>Tab 1</b>	<b>SB 266 by Burton;</b> Identical to H 00427 Public Adjuster Contracts
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<b>Tab 2</b>	<b>SB 394 by Leek;</b> Identical to H 00099 Reinsurance Intermediary Managers
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<b>Tab 3</b>	<b>SB 540 by Martin;</b> Identical to H 00381 Office of Financial Regulation
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686220	A	S	RCS	BI, Martin	btw L.435 - 436:	01/15 10:55 AM
465000	A	S	RS	BI, Martin	Delete L.436 - 879.	01/15 10:55 AM
151196	SA	S	RCS	BI, Martin	Delete L.425 - 879:	01/15 10:55 AM
820822	A	S	RCS	BI, Martin	Delete L.1413:	01/15 10:55 AM

<b>Tab 4</b>	<b>SB 632 by DiCeglie;</b> Identical to H 00585 Transportation Network Company, Driver, and Vehicle Owner Insurance
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<b>Tab 5</b>	<b>SB 642 by Burgess;</b> Identical to H 00271 Foreign and Alien Bail Bond Insurers
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<b>Tab 6</b>	<b>SB 832 by Avila;</b> Similar to H 00767 Residential Property Insurance
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<b>Tab 7</b>	<b>SB 834 by Yarborough;</b> Identical to H 06015 Insurance Requirements for Nonprofit Religious Organizations
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884114	T	S	RCS	BI, Yarborough	In title, delete L.2 -	01/15 09:45 AM
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<b>Tab 8</b>	<b>SB 1028 by Gruters;</b> Identical to H 00943 Citizens Property Insurance Corporation
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**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**

**BANKING AND INSURANCE**

**Senator Gruters, Chair**  
**Senator Sharief, Vice Chair**

**MEETING DATE:** Tuesday, January 13, 2026

**TIME:** 4:00—6:00 p.m.

**PLACE:** Pat Thomas Committee Room, 412 Knott Building

**MEMBERS:** Senator Gruters, Chair; Senator Sharief, Vice Chair; Senators Boyd, Burton, Hooper, Martin, Osgood, Passidomo, Pizzo, and Truenow

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	<b>SB 266</b> Burton (Identical H 427)	Public Adjuster Contracts; Authorizing certain persons to rescind a contract for public adjuster services; clarifying the acts that may subject a public adjuster or public adjuster apprentice to discipline; authorizing certain persons to rescind a contract for public adjuster services, etc.  BI      01/13/2026 Favorable CF RC	Favorable Yeas 10 Nays 0
2	<b>SB 394</b> Leek (Identical H 99)	Reinsurance Intermediary Managers; Defining the term “controlling”; revising the definition of the term “reinsurance intermediary manager” to exclude certain underwriting managers, etc.  BI      01/13/2026 Favorable AEG RC	Favorable Yeas 10 Nays 0
3	<b>SB 540</b> Martin (Identical H 381, Compare H 777, Linked S 1440)	Office of Financial Regulation; Requiring loan originators, mortgage brokers, and mortgage lenders to develop, implement, and maintain comprehensive written information security programs for the protection of information systems and nonpublic personal information; providing additional acts that constitute a ground for specified disciplinary actions against loan originators and mortgage brokers; revising the list of general law provisions that are waived upon approval of a Financial Technology Sandbox application; requiring money services businesses to develop, implement, and maintain comprehensive written information security programs for the protection of information systems and nonpublic personal information, etc.  BI      01/13/2026 Fav/CS AEG RC	Fav/CS Yeas 10 Nays 0

**COMMITTEE MEETING EXPANDED AGENDA**

Banking and Insurance

Tuesday, January 13, 2026, 4:00—6:00 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
4	<b>SB 632</b> DiCeglie (Identical H 585)	Transportation Network Company, Driver, and Vehicle Owner Insurance; Revising automobile insurance requirements for transportation network companies, transportation network company drivers, and transportation network company vehicle owners, etc.  BI 01/13/2026 Temporarily Postponed TR RC	Temporarily Postponed
5	<b>SB 642</b> Burgess (Identical H 271)	Foreign and Alien Bail Bond Insurers; Providing duties of certain foreign and alien bail bond insurers relating to reporting bail bond premiums to the Office of Insurance Regulation, keeping records of considerations paid for bail bonds written by the insurers, and disclosing certain information in the financial statements filed with the office, etc.  BI 01/13/2026 Favorable CJ RC	Favorable Yeas 10 Nays 0
6	<b>SB 832</b> Avila (Similar H 767)	Residential Property Insurance; Requiring that certain rate filings with the Office of Insurance Regulation from residential property insurers include rate transparency reports; requiring the office to establish and maintain a comprehensive resource center on its website; specifying that certain information is not a trade secret and is not subject to certain public records exemptions; prohibiting an insurer from including the value of certain land when establishing a coverage amount or adjusting certain claims, etc.  BI 01/13/2026 Favorable AEG FP	Favorable Yeas 10 Nays 0
7	<b>SB 834</b> Yarborough (Identical H 6015)	Insurance Requirements for Nonprofit Religious Organizations; Revising the conditions under which a nonprofit religious organization is not subject to the requirements of the Florida Insurance Code, etc.  BI 01/13/2026 Fav/CS JU RC	Fav/CS Yeas 10 Nays 0

**COMMITTEE MEETING EXPANDED AGENDA**

Banking and Insurance

Tuesday, January 13, 2026, 4:00—6:00 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
8	<b>SB 1028</b> Gruters (Identical H 943)	Citizens Property Insurance Corporation; Requiring the corporation to charge a specified premium on certain risks; requiring the corporation to establish a personal lines clearinghouse for specified purposes; authorizing approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse; specifying the circumstances under which policyholders of the corporation are not eligible for commercial lines residential coverage with the corporation, etc.  BI      01/13/2026 Fav/CS AEG FP	Fav/CS Yeas 10 Nays 0

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Other Related Meeting Documents

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**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: SB 266

INTRODUCER: Senator Burton

SUBJECT: Public Adjuster Contracts

DATE: January 14, 2026

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Thomas	Knudson	BI	<b>Favorable</b>
2. _____	_____	CF	_____
3. _____	_____	RC	_____

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## **I. Summary:**

SB 266 provides that an insured person that is a vulnerable adult or who lacks capacity to consent, as those terms are defined in s. 415.102, F.S., or the legal representative of such insured person, may rescind a contract for public adjuster services to adjust a claim at any time without penalty or further obligation. Any public adjuster or public adjuster apprentice found to violate this provision is subject to discipline by the Department of Financial Services.

The bill should have an insignificant impact, if any, on state or local government.

The bill takes effect on July 1, 2026.

## **II. Present Situation:**

### **Insurance Adjusters**

Part VI, ch. 626, F.S., regulates insurance adjusters, which includes public adjusters, independent adjusters, and company employee adjusters. A “public adjuster” is any person, other than a licensed attorney, who, for compensation, prepares, completes, or files an insurance claim for an insured or third-party claimant in negotiating or settling an insurance claim on behalf of an insured or third party.<sup>1</sup> An “independent adjuster” is any person licensed as an all-lines adjuster who is self-appointed or appointed and employed by an independent adjusting firm or other independent adjuster, and who undertakes on behalf of an insurer to ascertain and determine the amount of any claim, loss, or damage payable under an insurance contract or undertakes to effect settlement of such claim, loss, or damage.<sup>2</sup> A “company employee adjuster” is any person licensed as an all-lines adjuster who is appointed and employed on an insurer’s staff of adjusters or a wholly owned subsidiary of the insurer, and who undertakes on behalf of such insurer or

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<sup>1</sup> Section 626.854(1), F.S.

<sup>2</sup> Section 626.855, F.S.

other insurers under common control or ownership to ascertain and determine the amount of any claim, loss, or damage payable under a contract of insurance, or undertakes to effect settlement of such claim, loss, or damage.<sup>3</sup>

### **Public Adjusters**

Public adjusters are licensed by the Department of Financial Services (DFS) and are required to meet pre-licensing requirements, which include submitting an application, paying required fees, complying with requirements as to knowledge, experience, or instruction, and submitting fingerprints. A policyholder who has sustained an insured loss may hire a public adjuster. The public adjuster will inspect the loss site, analyze the damages, assemble claim support data, review the insured's coverage, determine current replacement costs, and confer with the insurer's representatives to adjust the claim.<sup>4</sup> The definition of "public adjuster" excludes:

- A licensed health care provider or employee thereof who prepares or files a health insurance claim form on behalf of a patient.
- A licensed health insurance agent who assists an insured with coverage questions, medical procedure coding issues, balance billing issues, understanding the claims filing process, or filing a claim, as such assistance relates to coverage under a health insurance policy.
- A person who files a health claim on behalf of another and does so without compensation.<sup>5</sup>

### ***Contracts and Disclosures***

Florida law prohibits a public adjuster from charging a fee unless a written contract is entered into prior to the payment of the claim.<sup>6</sup> All contracts for public adjuster services must be in writing in at least 12-point type and be titled "Public Adjuster Contract." All such contracts and all proof of loss statements must prominently display the following statement in minimum 18-point bold type before the space reserved in the contract for the signature of the insured:

"Pursuant to s. 817.234, Florida Statutes, any person who, with the intent to injure, defraud, or deceive an insurer or insured, prepares, presents, or causes to be presented a proof of loss or estimate of cost or repair of damaged property in support of a claim under an insurance policy knowing that the proof of loss or estimate of claim or repairs contains false, incomplete, or misleading information concerning any fact or thing material to the claim commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084, Florida Statutes."<sup>7</sup>

A public adjuster may not receive compensation for services provided before the date the insured receives an unaltered copy of the executed contract or the date executed contract is submitted to the insurer.<sup>8</sup> A public adjuster contract for a property and casualty claim must include:

- The full name, permanent business address, phone number, e-mail address, and license number of the public adjuster;

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<sup>3</sup> Section 626.856, F.S.

<sup>4</sup> <https://www.bankrate.com/insurance/homeowners-insurance/hiring-a-public-adjuster/#when-should-you-hire-a-public-adjuster> (last visited December 11, 2025).

<sup>5</sup> Section 626.854(2), F.S.

<sup>6</sup> Section 626.854(6)(a), F.S.

<sup>7</sup> Section 626.8796(1), F.S., and s. 626.8797, F.S.

<sup>8</sup> Section 626.8796(3), F.S.

- The full name and license number of the public adjusting firm;
- The insured's full name, street address, phone number, and e-mail address;
- A brief description of the loss;
- The percentage of compensation for the public adjuster's services in minimum 18-point bold type before the space reserved in the contract for the signature of the insured;
- The type of claim, including an emergency claim, nonemergency claim, or supplemental claim;
- The initials of the named insured on each page that does not contain the insured's signature;
- The signatures of the public adjuster and all named insureds; and
- the signature date.<sup>9</sup>

An unaltered copy of the executed contract must be provided to the insured at the time of execution and to the insurer, or the insurer's representative, within 7 days after execution.<sup>10</sup> A public adjusting firm that adjusts claims primarily for commercial entities with operations in more than one state and that does not directly or indirectly perform adjusting services for insurers or individual homeowners is deemed to comply with the contract requirements if, at the time a proof of loss is submitted, the public adjusting firm remits to the insurer an affidavit signed by the public adjuster or public adjuster apprentice that identifies:

- The full name, permanent business address, phone number, e-mail address, and license number of the public adjuster or public adjuster apprentice.
- The full name of the public adjusting firm.
- The insured's full name, street address, phone number, and e-mail address, together with a brief description of the loss.
- An attestation that the compensation for public adjusting services will not exceed the limitations provided by law.
- The type of claim, including an emergency claim, nonemergency claim, or supplemental claim.<sup>11</sup>

An insured or claimant may cancel a contract with a public adjuster without penalty within 10 days after the date on which the contract is executed.<sup>12</sup> A public adjuster's contract must contain the following statement in minimum 18-point bold type which states:

You, the insured, may cancel this contract for any reason without penalty or obligation to you within 10 days after the date of this contract. If this contract was entered into based on events that are the subject of a declaration of a state of emergency by the Governor, you may cancel this contract for any reason without penalty or obligation to you within 30 days after the date of loss or 10 days after the date on which the contract is executed, whichever is longer. You may also cancel the contract without penalty or obligation to you if I, as your public adjuster, fail to provide you and your insurer a copy of a written estimate within 60 days of the execution of the contract, unless the failure to provide the estimate within 60 days is caused by factors beyond my control, in accordance with s. 627.70131(5)(a)2.,

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<sup>9</sup> Section 626.8796(2), F.S.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Section 626.854(7), F.S.

Florida Statutes. The 60-day cancellation period for failure to provide a written estimate shall cease on the date I have provided you with the written estimate.<sup>13</sup>

A public adjuster is required to provide to the insured or claimant a written estimate of the loss to assist in any claim for insurance proceeds within 60 days after the date of the contract.<sup>14</sup>

### ***Charges, Fees, and Gifts***

Florida law<sup>15</sup> limits the compensation a public adjuster may charge. These limits are:

- If a public adjuster enters into a contract with an insured or claimant to reopen a claim, or files a supplemental claim, that seeks additional payments for a claim that has been previously paid, the public adjuster may not charge based on a previous claim payment for the same cause of loss. The charge must be based only on the claim payments or settlements obtained through the public adjuster's work after entering into the contract. Compensation for the reopened or supplemental claim may not exceed 20 percent of the reopened or supplemental claim payment.<sup>16</sup>
- A public adjuster may not charge in excess of:
  - Ten percent of the amount of insurance claim payments or settlements, exclusive of attorney fees and costs, paid to the insured by the insurer for claims based on events that are the subject of a declaration of a state of emergency by the Governor. This provision applies to claims made during the year after the declaration of emergency. After that year, the limitations in the following bullet points apply.<sup>17</sup>
  - Twenty percent of the amount of insurance claim payments or settlements, exclusive of attorney fees and costs, paid to the insured by the insurer for claims that are not based on events that are the subject of a declaration of a state of emergency by the Governor.<sup>18</sup>
  - One percent of the amount of insurance claim payments or settlements, paid to the insured by the insurer for any coverage part of the policy where the claim payment or agreement to pay is equal to or greater than the policy limit for that part of the policy, if the payment or written commitment to pay is provided within 14 days after the date of loss or within 10 days after the date on which the contract is executed, whichever is later.<sup>19</sup>
  - Zero percent of the amount of insurance claim payments or settlements, paid to the insured by the insurer for any coverage part of the policy where the claim payment or agreement to pay occurs before the date on which the contract is executed.<sup>20</sup>
- For purposes of calculating permissible compensation, compensation may not be based on the deductible portion of a claim.<sup>21</sup>
- Compensation may not be based on amounts attributable to additional living expenses, unless such compensation is affirmatively agreed to in a separate agreement that includes a disclosure in substantially the following form: "I agree to retain and compensate the public

<sup>13</sup> *Id.*

<sup>14</sup> Section 626.854(12)(a), F.S.

<sup>15</sup> Section 626.854(11), F.S.

<sup>16</sup> Section 626.854(11)(a), F.S.

<sup>17</sup> Section 626.854(11)(b)1., F.S.

<sup>18</sup> Section 626.854(11)(b)2., F.S.

<sup>19</sup> Section 626.854(11)(b)3., F.S.

<sup>20</sup> Section 626.854(11)(b)4., F.S.

<sup>21</sup> Section 626.854(11)(c), F.S.



adjuster for adjusting my additional living expenses and securing payment from my insurer for amounts attributable to additional living expenses payable under the policy issued on my (home/mobile home/condominium unit).”<sup>22</sup>

- The rate of compensation may not be increased based solely on the fact that the claim is litigated.<sup>23</sup>
- Any maneuver, shift, or device through which the limits on compensation set forth in the subsection are exceeded is a violation of the chapter<sup>24</sup> and is punishable as provided under state law.<sup>25</sup>

### ***Prohibited acts***

A public adjuster, a public adjuster apprentice, or any person or entity acting on behalf of a public adjuster or public adjuster apprentice may not give or offer to give:

- A monetary loan or advance to a client or prospective client.<sup>26</sup>
- Directly or indirectly, any article of merchandise having a value in excess of \$25 to any individual for the purpose of advertising or as an inducement to entering into a contract with a public adjuster.<sup>27</sup>

Section 626.854, F.S., prohibits public adjusters from engaging in certain conduct, including giving legal advice or acting on behalf of any person negotiating or settling certain claims.<sup>28</sup> An attorney who is licensed to practice law in Florida and in good standing with The Florida Bar is not required to hold a separate license under ch. 626, F.S., to adjust or participate in the adjustment of any claim, loss, or damage arising under policies or insurance contracts.<sup>29</sup>

Public adjusters are also prohibited from directly or indirectly soliciting an insured or claimant except on Monday through Saturday of each week and only between the hours of 8 a.m. and 8 p.m. on those days.<sup>30</sup> A public adjuster or any other person who circulates or disseminates any advertisement, announcement, or statement containing any assertion, representation, or statement about the business of insurance that is untrue, deceptive, or misleading commits an unfair and deceptive insurance trade practice, and Florida law sets out specific statements which are considered deceptive or misleading.<sup>31</sup>

### ***Disciplinary Guidelines***

Section 626.8698, F.S., provides that the DFS may deny, suspend, or revoke the license of a public adjuster or public adjuster apprentice, and administer a fine not to exceed \$5,000 per act, for any of the following:

- Violating any provision of ch. 626, F.S., or a rule or order of the DFS;

<sup>22</sup> Section 626.854(11)(d), F.S.

<sup>23</sup> Section 626.854(11)(e), F.S.

<sup>24</sup> Section 626.854(11)(f), F.S.

<sup>25</sup> See s. 626.8698, F.S. (providing disciplinary guidelines for public adjusters and public adjuster apprentices).

<sup>26</sup> Section 626.854(9), F.S.

<sup>27</sup> Section 626.854(10), F.S.

<sup>28</sup> Section 626.854(3), F.S.

<sup>29</sup> Section 626.860, F.S.

<sup>30</sup> Section 626.854(5), F.S.

<sup>31</sup> Section 626.854(8), F.S. Section 626.9541, F.S., provides for unfair methods of competition and unfair or deceptive acts or practices.

- Receiving payment or anything of value as a result of an unfair or deceptive practice;
- Receiving or accepting any fee, kickback, or other thing of value pursuant to any agreement or understanding, oral or otherwise; entering into a split-fee arrangement with another person who is not a public adjuster; or being otherwise paid or accepting payment for services that have not been performed;
- Violating ss. 316.066 (written reports of crashes) or 817.234 (false and fraudulent insurance claims), F.S.;
- Soliciting or otherwise taking advantage of a person who is vulnerable, emotional, or otherwise upset as the result of a trauma, accident, or other similar occurrence; or
- Violating any ethical rule of the DFS.

### **Vulnerable Adults**

Section 415.102(28), F.S., defines “vulnerable adult” to mean “a person 18 years of age or older whose ability to perform the normal activities of daily living or to provide for his or her own care or protection is impaired due to a mental, emotional, sensory, long-term physical, or developmental disability or dysfunction, or brain damage, or the infirmities of aging.”

Section 415.102(15), F.S., defines “lacks capacity to consent” to mean “a mental impairment that causes a vulnerable adult to lack sufficient understanding or capacity to make or communicate responsible decisions concerning person or property, including whether or not to accept protective services.”

Section 415.103, F.S., requires any person who knows, or has reasonable cause to suspect, that a vulnerable adult has been exploited to immediately report such knowledge or suspicion to the central abuse hotline operated by the Department of Children and Family Services.<sup>32</sup> For purposes of both ch. 415, F.S., and ch. 825, F.S., a “vulnerable adult” is a person 18 years of age or older whose ability to perform the normal activities of daily living or to provide for his or her own care or protection is impaired due to a mental, emotional, sensory, long-term physical, or developmental disability or dysfunction, or brain damage, or the infirmities of aging.<sup>33</sup>

It is a second-degree misdemeanor<sup>34</sup> for a person to knowingly and willfully fail to report a case of known or suspected exploitation of a vulnerable adult or prevent another person from doing so.<sup>35</sup>

### **III. Effect of Proposed Changes:**

**Section 1** amends s. 626.854, F.S., to provide that an insured person that is a vulnerable adult or who lacks capacity to consent, as those terms are defined in s. 415.102, F.S., or the legal representative of such insured person, may rescind a contract for public adjuster services to adjust a claim at any time without penalty or further obligation.

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<sup>32</sup> See *Abuse Hotline*, Florida Department of Children and Families, available at <https://www.myflfamilies.com/service-programs/abuse-hotline/report-online.shtml> (last visited on Feb. 28, 2023).

<sup>33</sup> Sections 415.102(28) and 825.101(16), F.S.

<sup>34</sup> A second degree misdemeanor is punishable by not more than 60 days in county jail and a fine not exceeding \$500. Sections 775.082 and 775.083, F.S.

<sup>35</sup> Section 415.111(1), F.S.

**Section 2** amends s. 626.8698, F.S., to provide that soliciting or taking advantage of a person who is a vulnerable adult, as defined in s. 415.102, is a ground for discipline by the DFS against the license of a public adjuster or public adjuster apprentice.

**Section 3** amends s. 626.8796, F.S., to provide that an insured person that is a vulnerable adult or who lacks capacity to consent, as those terms are defined in s. 415.102, F.S., or the legal representative of such insured person, may rescind a contract for public adjuster services to adjust a claim at any time without penalty or further obligation.

**Section 4** provides that the bill is effective on July 1, 2026.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill may lead to certain public adjuster services contracts being rescinded before completion of the contract which could be to the benefit of an insured that is either a vulnerable adult or someone who lacks the capacity to consent to such contract.

**C. Government Sector Impact:**

The new provisions in the bill have the potential to lead to discipline by the DFS on the license of a public adjuster or public adjuster apprentice. It is not anticipated to have a significant impact, if any, on state or local government.

**VI. Technical Deficiencies:**

The bill uses the definition of “lacks capacity to consent” found in s. 415.102, F.S. That definition is “a mental impairment that causes a vulnerable adult to lack sufficient understanding or capacity to make or communicate responsible decisions concerning person or property, including whether or not to accept protective services.” Because the definition of “lacks capacity to consent” in s. 415.102, F.S., is limited to vulnerable adults, it is unnecessary in the bill because it does not capture any persons not captured by the definition of vulnerable adult in s. 415.102, F.S.

**VII. Related Issues:**

The bill amends s. 626.854, F.S., to allow vulnerable adults, adults who lack capacity to consent, and their legal representatives, to rescind a contract for public adjuster services at any time. The language here states that this rescission power is “notwithstanding any other provision of this chapter”. The bill also 626.8796, F.S., regarding public adjuster contracts, to the same effect. Given that both sections are in ch. 626, F.S., only one of the sections needs to be amended given that the right of rescission created by the bill applies regardless of any contrary provision in ch. 626, F.S.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 626.854, 626.8698, and 626.8796.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

By Senator Burton

12-00671-26

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1 A bill to be entitled  
 2 An act relating to public adjuster contracts; amending  
 3 s. 626.854, F.S.; authorizing certain persons to  
 4 rescind a contract for public adjuster services;  
 5 amending s. 626.8698, F.S.; clarifying the acts that  
 6 may subject a public adjuster or public adjuster  
 7 apprentice to discipline; amending s. 626.8796, F.S.;  
 8 authorizing certain persons to rescind a contract for  
 9 public adjuster services; providing an effective date.  
 10  
 11 Be It Enacted by the Legislature of the State of Florida:  
 12  
 13 Section 1. Subsection (7) of section 626.854, Florida  
 14 Statutes, is amended to read:  
 15 626.854 "Public adjuster" defined; prohibitions.—The  
 16 Legislature finds that it is necessary for the protection of the  
 17 public to regulate public insurance adjusters and to prevent the  
 18 unauthorized practice of law.  
 19 (7) (a) An insured or a claimant may cancel a public  
 20 adjuster's contract to adjust a claim without penalty or  
 21 obligation within 10 days after the date on which the contract  
 22 is executed. If the contract was entered into based on events  
 23 that are the subject of a declaration of a state of emergency by  
 24 the Governor, an insured or a claimant may cancel the public  
 25 adjuster's contract to adjust a claim without penalty or  
 26 obligation within 30 days after the date of loss or 10 days  
 27 after the date on which the contract is executed, whichever is  
 28 longer. The public adjuster's contract must contain the  
 29 following language in minimum 18-point bold type immediately

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

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30 before the space reserved in the contract for the signature of  
 31 the insured or claimant:  
 32  
 33 You, the insured, may cancel this contract for any  
 34 reason without penalty or obligation to you within 10  
 35 days after the date of this contract. If this contract  
 36 was entered into based on events that are the subject  
 37 of a declaration of a state of emergency by the  
 38 Governor, you may cancel this contract for any reason  
 39 without penalty or obligation to you within 30 days  
 40 after the date of loss or 10 days after the date on  
 41 which the contract is executed, whichever is longer.  
 42 You may also cancel the contract without penalty or  
 43 obligation to you if I, as your public adjuster, fail  
 44 to provide you and your insurer a copy of a written  
 45 estimate within 60 days of the execution of the  
 46 contract, unless the failure to provide the estimate  
 47 within 60 days is caused by factors beyond my control,  
 48 in accordance with s. 627.70131(5)(a)2., Florida  
 49 Statutes. The 60-day cancellation period for failure  
 50 to provide a written estimate shall cease on the date  
 51 I have provided you with the written estimate."  
 52  
 53 The notice of cancellation ~~must~~ shall be provided to ...(name of  
 54 public adjuster)..., submitted in writing and sent by certified  
 55 mail, return receipt requested, or other form of mailing that  
 56 provides proof thereof, at the address specified in the  
 57 contract.  
 58 (b) Notwithstanding any other provision of this chapter, an

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

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insured who is a vulnerable adult or who lacks capacity to consent, as those terms are defined in s. 415.102, or the legal representative of such insured persons, may rescind a contract for public adjuster services to adjust a claim at any time without penalty or further obligation.

Section 2. Section 626.8698, Florida Statutes, is amended to read:

626.8698 Disciplinary guidelines for public adjusters and public adjuster apprentices.—The department may deny, suspend, or revoke the license of a public adjuster or public adjuster apprentice, and administer a fine not to exceed \$5,000 per act, for any of the following acts:

(1) Violating any provision of this chapter or a rule or order of the department.

(2) Receiving payment or anything of value as a result of an unfair or deceptive practice.

(3) Receiving or accepting any fee, kickback, or other thing of value pursuant to any agreement or understanding, oral or otherwise; entering into a split-fee arrangement with another person who is not a public adjuster; or being otherwise paid or accepting payment for services that have not been performed.

(4) Violating s. 316.066 or s. 817.234.

(5) Soliciting or otherwise taking advantage of a person who is a vulnerable adult, as defined in s. 415.102, or who is emotional, or otherwise upset as the result of a trauma, accident, or other similar occurrence.

(6) Violating any ethical rule of the department.

Section 3. Subsection (4) of section 626.8796, Florida Statutes, is amended to read:

12-00671-26 2026266

626.8796 Public adjuster contracts; disclosure statement; fraud statement.—

(4)(a) The insured may rescind the contract for public adjuster services if the public adjuster has not submitted a written estimate to the insurer within 60 days after executing the contract, unless the failure to provide the written estimate within 60 days is caused by factors beyond the public adjuster's control.

(b) Notwithstanding any other provision of this chapter, an insured who is a vulnerable adult or who lacks capacity to consent, as those terms are defined in s. 415.102, or the legal representative of such insured persons, may rescind a contract for public adjuster services at any time without penalty or further obligation.

Section 4. This act shall take effect July 1, 2026.



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Health Policy, *Chair*  
Judiciary, *Vice Chair*  
Appropriations Committee on Health  
and Human Services  
Banking and Insurance  
Fiscal Policy  
Rules

### JOINT COMMITTEE:

Joint Administrative Procedures Committee

### SENATOR COLLEEN BURTON

12th District

November 18, 2025

The Honorable Joe Gruters  
413 Senate Building  
404 South Monroe Street  
Tallahassee, FL 32399

Chair Gruters,

I respectfully request SB 266 Public Adjuster Contracts be placed on the Banking and Insurance agenda at your earliest convenience.

Thank you for your consideration.

Regards,

A handwritten signature in blue ink that reads "Colleen Burton".

Colleen Burton  
State Senator, District 12

CC: James Knudson, Staff Director  
Lisa Johnson, Deputy Staff Director  
Amaura Canty, Committee Administrative Assistant

#### REPLY TO:

- ☐ 100 South Kentucky Avenue, Suite 260, Lakeland, Florida 33801 (863) 413-1529
- ☐ 318 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5012

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**KATHLEEN PASSIDOMO**  
President of the Senate

**DENNIS BAXLEY**  
President Pro Tempore

1-13-26

Meeting Date

The Florida Senate  
**APPEARANCE RECORD**

Deliver both copies of this form to  
Senate professional staff conducting the meeting

266

Bill Number or Topic

BI

Committee

Amendment Barcode (if applicable)

Name **Michael Carlson**

Phone **8505449576**

Address **215 South Monroe St. Ste. 835**

Email **michael.carlson@piff.net**

Street

**Tallahassee**

**FL**

**32301**

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information **OR** Waive Speaking: ☒ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐ I am appearing without  
compensation or sponsorship.

☒ I am a registered lobbyist,  
representing:

**Personal Insurance Federation**

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

*While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)*

This form is part of the public record for this meeting.

S-001 (08/10/2021)



1-13-26

Meeting Date

B&I

Committee

The Florida Senate

## APPEARANCE RECORD

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266

Bill Number or Topic

Amendment Barcode (if applicable)

Name Gary Rosen, PhD

Phone 9546147100

Address 2881 W Lake Vista Cir

Email gary@mold-free.org

Street

Davie

FL

33328

City

State

Zip

Speaking: ☒ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☐ In Support ☐ Against

### PLEASE CHECK ONE OF THE FOLLOWING:



I am appearing without  
compensation or sponsorship.



I am a registered lobbyist,  
representing:

Suggestion. Line item 45. Replace "estimate"  
with "estimate complying with 69BER24-4"



I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

1/13/26

Meeting Date

The Florida Senate  
**APPEARANCE RECORD**

266

Bill Number or Topic

**Banking and Insurance**

Committee

Deliver both copies of this form to  
Senate professional staff conducting the meeting

Amendment Barcode (if applicable)

Name **Adam Basford**

Phone **8502247173**

Address **516 N Adams St**

Email **abasford@aif.com**

Street

**Tallahassee**

**FL**

**32301**

City

State

Zip

Speaking:

☐

For

☐

Against

☐

Information

**OR**

Waive Speaking:

☒

In Support

☐

Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐

I am appearing without  
compensation or sponsorship.

☒

I am a registered lobbyist,  
representing:

**Associated Industries of Florida**

☐

I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

*While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)*

This form is part of the public record for this meeting.

S-001 (08/10/2021)

January 13, 2026

Meeting Date

Sen. Banking and Insurance

Committee

The Florida Senate

## APPEARANCE RECORD

Deliver both copies of this form to  
Senate professional staff conducting the meeting

266

Bill Number or Topic

Amendment Barcode (if applicable)

Name **Brian Jogerst**

Phone **850.933.1985**

Address **PO Box 11094**

Email **brian@thegriffingroup.com**

Street

**Tallahassee**

**FL**

**32302**

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☒ In Support ☐ Against

### PLEASE CHECK ONE OF THE FOLLOWING:



I am appearing without  
compensation or sponsorship.



I am a registered lobbyist,  
representing:

Elder Law Section of the Florida Bar AND the  
Academy of Florida Elder Law Attorneys



I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate

# APPEARANCE RECORD

Deliver both copies of this form to  
Senate professional staff conducting the meeting

1/13/2024

Meeting Date

SB 266

Bill Number or Topic

B+I Committee

Committee

Amendment Barcode (if applicable)

Name Rick Totwiler

Phone 727 599 4224

Address 9100 S Dadeland Blvd

Email ricktutwiler@  
PublicAdjuster.com

Street

Miami

FL

33156

City

State

Zip

Speaking: ☐ For ☐ Against ☒ Information

OR

Waive Speaking: ☐ In Support ☐ Against

## PLEASE CHECK ONE OF THE FOLLOWING:

☒ I am appearing without  
compensation or sponsorship.

☐ I am a registered lobbyist,  
representing:

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate  
**APPEARANCE RECORD**

Deliver both copies of this form to  
Senate professional staff conducting the meeting

1/13/26  
Meeting Date

Bank + Ins  
Committee

266  
Bill Number or Topic

Amendment Barcode (if applicable)

Name Katie Webb

Phone 850 228 6016

Address 106 E Sepurse  
Street

Email kwebb@colony  
saass.com

Julie FL 32301  
City State Zip

Speaking: ☐ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☒ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐ I am appearing without  
compensation or sponsorship.

☒ I am a registered lobbyist,  
representing:

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

APCIA

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

## The Florida Senate COMMITTEE VOTE RECORD

**Tab #: 1**  
**Sponsor:** Burton  
**Subject:** Public Adjuster Contracts

[illegible]

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 394

INTRODUCER: Senator Leek

SUBJECT: Reinsurance Intermediary Managers

DATE: January 14, 2026

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Thomas	Knudson	BI	<b>Favorable</b>
2. _____	_____	AEG	_____
3. _____	_____	RC	_____

---

## I. Summary:

The bill exempts from reinsurance intermediary manager licensing requirements an underwriting manager who manages assumed facultative risks for a reinsurer, if the facultative reinsurance business managed by the underwriting manager is less than 10 percent of the assumed annual gross written premium of the reinsurer.

The bill is not anticipated to have a fiscal impact on state or local government.

The bill is effective July 1, 2026.

## II. Present Situation:

### Reinsurance

Reinsurance is basically insurance for insurers. Insurers rely on reinsurance to finance the payment of losses and make them better able to withstand major catastrophes, like hurricanes.<sup>1</sup> Reinsurance is a major driver in the cost of insurance. As much as 40% of the premium a consumer pays goes to purchase reinsurance.<sup>2</sup> The Office of Insurance Regulation (OIR) directly regulates authorized reinsurers domiciled and licensed in Florida as well as reinsurers licensed in Florida but domiciled in a foreign state.<sup>3</sup>

The main types of reinsurance are treaty and facultative, which are further categorized into proportional and non-proportional. Treaty reinsurance is a standing agreement covering a group of policies without evaluating each risk separately, offering efficiency and stability for insurers managing large volumes of similar policies. Facultative reinsurance is a one-time deal for

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<sup>1</sup> <https://floir.com/property-casualty/market-overview> (last visited December 15, 2025).

<sup>2</sup> *Id.*

<sup>3</sup> Section 624.610, F.S.

individual, specific risks, allowing the reinsurer to assess and accept or reject each policy, making it ideal for large or unusual exposures requiring tailored coverage.<sup>4</sup> Within these, proportional reinsurance shares both premiums and claims in a set ratio, and non-proportional reinsurance covers losses exceeding a specific, predetermined amount.<sup>5</sup>

When an insurer cedes business to an accredited reinsurer, the insurer may under statutory accounting rules recognize a reduction in its liabilities for the amount of ceded liabilities, without a regulatory requirement for the reinsurer to post collateral to secure the reinsurer's ultimate payment of the reinsured liabilities.<sup>6</sup> An accredited reinsurer is one that:

- Files with the OIR evidence of its submission to the jurisdiction of Florida;
- Submits to Florida's authority to examine its books and records;
- Is licensed or authorized to transact insurance or reinsurance in at least one state or, in the case of a United States branch of an alien assuming insurer, is entered through, licensed, or authorized to transact insurance or reinsurance in at least one state; and
- Files annually with the OIR a copy of its annual statement filed with the insurance department of its state of domicile and any quarterly statements if required by its state of domicile or such quarterly statements if requested by the OIR, and a copy of its most recent audited financial statement; and
  - Maintains a surplus as regards policyholders in an amount not less than \$20 million and whose accreditation has not been denied by the OIR within 90 days after its submission; or
  - Maintains a surplus as regards policyholders in an amount not less than \$20 million and whose accreditation has been approved by the OIR.<sup>7</sup>

A reinsurer must pay the actual costs and expenses incurred by the OIR to review a reinsurer's request for accreditation and subsequent reviews.<sup>8</sup> If the reinsurer fails to pay the actual costs and expenses promptly when due, the OIR may refuse to accredit the reinsurer or may revoke the reinsurer's accreditation.<sup>9</sup>

### **Regulation of Reinsurance Intermediaries**

Chapter 626, F.S., governs the regulation of insurance field representatives, navigators, insurance administrators, unauthorized insurers and surplus lines, viatical settlements, structured settlements, and operations. Part I of this chapter contains general provisions with respect to insurance agents, insurance agencies, managing general agents, insurance adjusters, reinsurance intermediaries, viatical settlement brokers, customer representatives, service representatives, and agencies. Section 626.7492, F.S., provides for the regulation of reinsurance intermediary brokers and reinsurance intermediary managers.

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<sup>4</sup> <https://www.investopedia.com/articles/markets/081716/facultative-vs-treaty-reinsurance-differences-and-examples.asp> (last visited December 15, 2025).

<sup>5</sup> *Id.*

<sup>6</sup> Section 624.610(4), F.S.

<sup>7</sup> *Id.*

<sup>8</sup> Section 624.610(3)(b)4., F.S.

<sup>9</sup> *Id.*



A “reinsurance intermediary broker” is “any person, other than an officer or employee of the ceding insurer, who solicits, negotiates, or places reinsurance cessions or retrocessions on behalf of a ceding insurer without the authority or power to bind reinsurance on behalf of the ceding insurer.”<sup>10</sup>

A “reinsurance intermediary manager” is “any person who has authority to bind, or manages all or part of, the assumed reinsurance business of a reinsurer, including the management of a separate division, department, or underwriting office, and acts as a representative for the reinsurer whether known as a reinsurance intermediary manager, manager, or other similar term.”<sup>11</sup> However, the following persons are not considered a reinsurance intermediary manager for licensure purposes:

- An employee of the reinsurer;
- A manager of the United States branch of an alien reinsurer;
- An underwriting manager which, pursuant to contract, manages all the reinsurance operations of the reinsurer, is under common control with the reinsurer, subject to the holding company act, and whose compensation is not based on the volume of premiums written.
- The manager of a group, association, pool, or organization of insurers which engage in joint underwriting or joint reinsurance and who are subject to examination by the insurance regulatory authority of the state in which the manager’s principal business office is located.<sup>12</sup>

The Division of Insurance Agent and Agency Services within the Department of Financial Services (DFS) licenses and appoints individuals and entities authorized to transact insurance in Florida, including those for reinsurance intermediaries. The Division receives and reviews applications for insurance licenses and oversees the examination, licensing, and continuing education of licensees. The Division also conducts investigations of alleged violations of the Florida Insurance Code and refers suspected criminal violations of the Florida Insurance Code to the Division’s Bureau of Insurance Fraud within the DFS or other law enforcement agencies as appropriate.<sup>13</sup> Prior to July 1, 2023, the DFS provided a separate license for reinsurance intermediary brokers and managers, but it was discontinued.<sup>14</sup> Firms wanting to act as a reinsurance intermediary now must hold an insurance agency license and either a reinsurance intermediary broker appointment or a reinsurance intermediary manager appointment.<sup>15</sup>

A reinsurance intermediary broker must be a licensed producer in Florida or in another state, is a licensed producer in Florida or in another state having a law substantially similar to this section, or the reinsurance intermediary broker is licensed in Florida as an insurance agency and appointed as a reinsurance intermediary.<sup>16</sup> A reinsurance intermediary manager must be a licensed producer in Florida or another state having a law substantially similar to Florida’s law.<sup>17</sup>

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<sup>10</sup> Section 626.7492(1)(f), F.S.

<sup>11</sup> Section 626.7492(1)(g), F.S.

<sup>12</sup> *Id.*

<sup>13</sup> Sections 624.307, 624.317, and 624.321, F.S.

<sup>14</sup> [https://myfloridacfo.com/docs-sf/insurance-agents-and-agency-services-libraries/agents-docs/licensure/agents-adjusters/00-65-68-firm-reinsurance-broker-manager-license.pdf?sfvrsn=6dbd95be\\_9](https://myfloridacfo.com/docs-sf/insurance-agents-and-agency-services-libraries/agents-docs/licensure/agents-adjusters/00-65-68-firm-reinsurance-broker-manager-license.pdf?sfvrsn=6dbd95be_9) (last visited December 15, 2025).

<sup>15</sup> *Id.*

<sup>16</sup> Section 626.7492(3)(a), F.S.

<sup>17</sup> Section 626.7492(3)(b), F.S.

The DFS may require a reinsurance intermediary manager to file a bond in an amount acceptable to the DFS for the protection of the reinsurer and to maintain an errors and omissions insurance policy in an amount acceptable to the DFS.<sup>18</sup> A reinsurance intermediary is subject to examination by the DFS and must allow the DFS access to all books, bank accounts, and records of the reinsurance intermediary.<sup>19</sup> A reinsurance intermediary manager may be examined as if it were the reinsurer.<sup>20</sup> An attorney licensed in Florida, when acting in a professional capacity, is exempt from the licensure requirements.<sup>21</sup>

A transaction between a reinsurance intermediary broker and the insurer it represents must be pursuant to a written authorization specifying the responsibilities of each party. The authorization must provide, at a minimum, that:

- The insurer may terminate the reinsurance intermediary broker's authority at any time.
- The reinsurance intermediary broker must render accounts to the insurer accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing to, the reinsurance intermediary broker and must remit all funds due to the insurer within 30 days after receipt.
- All funds collected for the insurer's account will be held by the reinsurance intermediary broker in a fiduciary capacity in a bank which is a qualified United States financial institution.
- The reinsurance intermediary broker will comply with the recordkeeping requirements.
- The reinsurance intermediary broker will comply with the written standards established by the insurer for the cession or retrocession of all risks.
- The reinsurance intermediary broker will disclose to the insurer any relationship with any reinsurer to which business will be ceded or retroceded.<sup>22</sup>

Transactions between a reinsurance intermediary manager and the reinsurer it represents must be pursuant to a written contract specifying the responsibilities of each party, which must be approved by the reinsurer's board of directors. The contract must provide, at a minimum, that:

- The reinsurer may terminate the contract for cause upon written notice to the reinsurance intermediary manager. The reinsurer may immediately suspend the authority of the reinsurance intermediary manager to assume or cede business during the pendency of any dispute regarding the cause of termination.
- The reinsurance intermediary manager must render accounts to the reinsurer, accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by or owing to the reinsurance intermediary manager, and must remit all funds due under the contract to the reinsurer at least monthly.
- All funds collected for the reinsurer's account must be held by the reinsurance intermediary manager in a fiduciary capacity in a bank which is a qualified United States financial institution. The reinsurance intermediary manager may retain no more than 3 months' estimated claims payments and allocated loss adjustment expenses. The reinsurance

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<sup>18</sup> Section 626.7492(3)(c), F.S.

<sup>19</sup> Section 626.7492(10)(a), F.S.

<sup>20</sup> Section 626.7492(10)(b), F.S.

<sup>21</sup> Section 626.7492(3)(h), F.S.

<sup>22</sup> Section 626.7492(6), F.S.

intermediary manager shall maintain a separate bank account for each reinsurer which it represents.

- For at least 10 years after expiration of each contract of reinsurance transacted by the reinsurance intermediary manager, the reinsurance intermediary manager must keep a complete record of each transaction, showing:
  - The type of contract, limits, underwriting restrictions, classes or risks, and territory.
  - The period of coverage, including effective and expiration dates, cancellation provisions and notice required of cancellation, and disposition of outstanding reserves on covered risks;
  - The reporting and settlement requirements of balances;
  - The rate used to compute the reinsurance premium;
  - The names and addresses of reinsurers;
  - The rates of all reinsurance commissions, including the commissions on any retrocessions handled by the reinsurance intermediary manager;
  - Related correspondence and memoranda;
  - Proof of placement;
  - Details regarding retrocessions handled by the reinsurance intermediary manager, as permitted by this section, including the identity of retrocessionaires (a reinsurer of a reinsurer) and the percentage of each contract assumed or ceded;
  - Financial records, including, but not limited to, premium and loss accounts; and
  - If the reinsurance intermediary manager places a reinsurance contract on behalf of a ceding insurer:
    - Directly from any assuming reinsurer, written evidence that the assuming reinsurer has agreed to assume the risk; or
    - If such contract is placed through a representative of the assuming reinsurer, other than an employee, written evidence that such reinsurer has delegated binding authority to the representative.
- The reinsurer shall have access to and the right to copy all accounts and records maintained by the reinsurance intermediary manager related to its business in a form usable by the reinsurer.
- The contract cannot be assigned in whole or in part by the reinsurance intermediary manager.
- The reinsurance intermediary manager will comply with the written underwriting and rating standards established by the insurer for the acceptance, rejection, or cession of all risks.
- Sets forth the rates, terms, and purposes of commissions, charges, and other fees which the reinsurance intermediary manager may levy against the reinsurer.
- If the contract permits the reinsurance intermediary manager to settle claims on behalf of the reinsurer:
  - All claims will be reported to the reinsurer in a timely manner.
  - A copy of the claim file will be sent to the reinsurer at its request or as soon as it becomes known that the claim:
    - Has the potential to exceed the lesser of an amount determined by the DFS or the limit set by the reinsurer;
    - Involves a coverage dispute;
    - May exceed the reinsurance intermediary manager's claims settlement authority;
    - Is open for more than 6 months; or
    - Is closed by payment of the lesser of an amount set by the DFS or an amount set by the reinsurer.

- All claim files will be the joint property of the reinsurer and reinsurance intermediary manager provided that upon an order of liquidation of the reinsurer, the files shall become the sole property of the reinsurer or its estate; provided, further, that the reinsurance intermediary manager must have reasonable access to and the right to copy the files on a timely basis.
- Any settlement authority granted to the reinsurance intermediary manager may be terminated for cause upon the reinsurer's written notice to the reinsurance intermediary manager or upon the termination of the contract. The reinsurer may suspend the settlement authority during the pendency of the dispute regarding the cause of termination.
- If the contract provides for a sharing of interim profits by the reinsurance intermediary manager, that the interim profits will not be paid until 1 year after the end of each underwriting period for property business and 5 years after the end of each underwriting period for casualty business, or a later period set by the DFS for specified lines of insurance, and not until the adequacy of reserves on remaining claims has been verified pursuant to this section.
- The reinsurance intermediary manager must annually provide the reinsurer with a statement of its financial condition prepared by an independent certified accountant.
- The reinsurer must at least semiannually conduct an onsite review of the underwriting and claims processing operations of the reinsurance intermediary manager.
- The reinsurance intermediary manager must disclose to the reinsurer any relationship it has with any insurer prior to ceding or assuming any business with the insurer pursuant to this contract.
- Within the scope of its actual or apparent authority, the acts of the reinsurance intermediary manager shall be deemed to be the acts of the reinsurer on whose behalf it is acting.<sup>23</sup>

### III. Effect of Proposed Changes:

**Section 1** of the bill amends s. 626.7492, F.S., to exempt from the reinsurance intermediary manager licensing requirements an underwriting manager who manages assumed facultative risks for a reinsurer, if the facultative reinsurance business managed by the underwriting manager is less than 10 percent of the assumed annual gross written premium of the reinsurer.

**Section 2** of the bill reenacts s. 626.022, F.S., for the purpose of incorporating the changes made to s. 626.7492, F.S., by the bill.

**Section 3** of the bill provides an effective date of July 1, 2026.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

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<sup>23</sup> Section 626.7492(7), F.S.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

None.

**E. Other Constitutional Issues:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The bill will allow certain firms to continue to operate as a reinsurance intermediary manager now that the Department of Financial Services no longer provides such licensure.

**C. Government Sector Impact:**

The bill is not anticipated to have a fiscal impact on state or local government.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 626.7492 and 626.022.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---

By Senator Leek

7-00547-26

2026394

1 A bill to be entitled  
 2 An act relating to reinsurance intermediary managers;  
 3 amending s. 626.7492, F.S.; defining the term  
 4 "controlling"; revising the definition of the term  
 5 "reinsurance intermediary manager" to exclude certain  
 6 underwriting managers; reenacting s. 626.022(1)(a),  
 7 F.S., relating to the scope of part I of ch. 626,  
 8 F.S., to incorporate the amendment made to s.  
 9 626.7492, F.S., in a reference thereto; providing an  
 10 effective date.  
 11  
 12 Be It Enacted by the Legislature of the State of Florida:  
 13  
 14 Section 1. Paragraphs (b) and (g) of subsection (2) of  
 15 section 626.7492, Florida Statutes, are amended to read:  
 16 626.7492 Reinsurance intermediaries.—  
 17 (2) DEFINITIONS.—As used in this section:  
 18 (b) "Controlling ~~person~~" means having the direct or  
 19 indirect power, as a ~~any~~ person, firm, association, or  
 20 corporation, ~~who directly or indirectly has the power~~ to direct  
 21 or cause to be directed, the management, control, or activities  
 22 of the reinsurance intermediary.  
 23 (g) "Reinsurance intermediary manager" means any person who  
 24 has authority to bind, or manages all or part of, the assumed  
 25 reinsurance business of a reinsurer, including the management of  
 26 a separate division, department, or underwriting office, and  
 27 acts as a representative for the reinsurer whether known as a  
 28 reinsurance intermediary manager, manager, or other similar  
 29 term. Notwithstanding the above, none of the following persons

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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30 is a reinsurance intermediary manager with respect to the  
 31 reinsurer for the purposes of this section:  
 32 1. An employee of the reinsurer.~~†~~  
 33 2. A manager of the United States branch of an alien  
 34 reinsurer.~~†~~  
 35 3. An underwriting manager who ~~which~~, pursuant to contract,  
 36 manages all the reinsurance operations of the reinsurer, is  
 37 under common control with the reinsurer, subject to the holding  
 38 company act, and whose compensation is not based on the volume  
 39 of premiums written.  
 40 4. The manager of a group, association, pool, or  
 41 organization of insurers which engages ~~engage~~ in joint  
 42 underwriting or joint reinsurance and ~~who~~ are subject to  
 43 examination by the insurance regulatory authority of the state  
 44 in which the manager's principal business office is located.  
 45 5. An underwriting manager who manages assumed facultative  
 46 risks for a reinsurer, if the facultative reinsurance business  
 47 managed by the underwriting manager is less than 10 percent of  
 48 the assumed annual gross written premium of the reinsurer.  
 49 Section 2. For the purpose of incorporating the amendment  
 50 made by this act to section 626.7492, Florida Statutes, in a  
 51 reference thereto, paragraph (a) of subsection (1) of section  
 52 626.022, Florida Statutes, is reenacted to read:  
 53 626.022 Scope of part.—  
 54 (1) This part applies as to insurance agents, service  
 55 representatives, adjusters, and insurance agencies; as to any  
 56 and all kinds of insurance; and as to stock insurers, mutual  
 57 insurers, reciprocal insurers, and all other types of insurers,  
 58 except that:

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59 (a) It does not apply as to reinsurance, except that ss.  
60 626.011-626.022, ss. 626.112-626.181, ss. 626.191-626.211, ss.  
61 626.291-626.301, s. 626.331, ss. 626.342-626.511, ss. 626.541-  
62 626.591, and ss. 626.601-626.711 shall apply as to reinsurance  
63 intermediaries as defined in s. 626.7492.

64 Section 3. This act shall take effect July 1, 2026.





The Florida Senate

## Committee Agenda Request

**To:** Senator Joe Gruters, Chair  
Committee on Banking and Insurance

**Subject:** Committee Agenda Request

**Date:** November 18, 2025

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I respectfully request that **Senate Bill #394**, relating to Reinsurance Intermediary Managers, be placed on the:

- ☒ committee agenda at your earliest possible convenience.
- ☐ next committee agenda.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Leek", is written over a horizontal line.

Sen. Tom Leek  
Florida Senator, District 7

**Tab #: 2**  
**Sponsor:** Leek  
**Subject:** Reinsurance Intermediary Managers

[illegible]

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/SB 540

INTRODUCER: Banking and Insurance Committee and Senator Martin

SUBJECT: Office of Financial Regulation

DATE: January 15, 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Moody	Knudson	BI	Fav/CS
2.			AEG	
3.			RC	

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 540 modifies the provisions of laws governing financial services regulated by the Office of Financial Regulation (OFR).

**Cybersecurity**

***Mortgage brokers, mortgage lenders, and money services businesses***

The bill:

- Creates a regulatory framework patterned after the Federal Standards for Safeguarding Customer Information (“Safeguard Rules”) requiring mortgage brokers, mortgage lenders, and money services businesses licensees to create and maintain a written information security program that meets specified criteria and is designed for certain purposes.
- Requires licensees to:
  - Test, monitor, and adjust the program to meet specified requirements.
  - Establish a written incident response plan that consists of certain information.
  - Investigate any cybersecurity event which must determine specified information.
  - Maintain certain records for a specified time.
  - Notify the OFR of certain breaches of security.
  - Provide specified updates required by the OFR.
- Exempts certain licensees from the regulatory requirements established in the bill.

- Provides licensees are not exempt from complying with security requirements under consumer protection laws.
- Authorizes the commission to adopt rules to administer provisions in this section of the bill. The bill authorizes the OFR to impose disciplinary actions or penalties against the licensees for failing to comply with certain notice requirements.

### ***Financial institutions***

CS/SB 540 requires a financial institution to comply with security measures of personal information that are substantially similar to the security requirements under the consumer protection laws in ch. 501, F.S. A financial institution is required to comply with specified notice requirements to the Department of Legal Affairs (DLA), and certain individuals and consumer reporting agencies.

### **Securities Transactions**

The bill amends the definition of “investment adviser” and the definition of “family office” to exclude certain persons and exempt certain offers or sales of securities from regulation, and define the term “place of business.”

### **Surrendered or Repossessed Vehicles**

The bill provides that a parties’ rights and obligations with respect to a surrendered or repossessed motor vehicle are exclusively governed by the Uniform Commercial Code, Secured Transactions, part VI of ch. 679, F.S.

### **Money Services Businesses Disciplinary Actions**

The bill clarifies that an affiliated party of a money services business which is subject to disciplinary action and penalties must have been affiliated at the time the actionable grounds occurred and provides additional grounds for disciplinary action and penalties.

The bill requires, rather than authorizes, the OFR to issue an “emergency order” to suspend, instead of summarily suspending, the license of a money services business if the OFR makes certain findings. The bill clarifies that no further findings of immediate danger, necessity, or procedural fairness are required if certain facts exist.

### **Financial Institutions Director and Officer Qualifications**

The bill allows certain directors and officers to have certain minimum experience within 10 years, rather than within 5 years, of applying to form a banking corporation or trust company.

### **Credit Unions**

The bill requires the majority of individual applicants, rather than all individual applicants, that organize a credit union must be residents of the state. The bill allows credit union members to meet electronically and without an in-person quorum and allows virtual attendees to satisfy quorum requirements. The bill eliminates the limit on fixed asset investments.

## Financial Institutions and Family Trust Companies Examination Costs

The bill requires that certain financial institutions and family trust companies must pay examination costs within 45 days, instead of within 30 days.

The fiscal impact of the bill is indeterminate. See Section V Fiscal Impact.

The bill is effective July 1, 2026.

## II. Present Situation:

The Office of Financial Regulation (OFR) is responsible for regulating all activities of banks, credit unions, other financial institutions, finance companies, and the securities industry (together, the “financial services”).<sup>1</sup> The number of licensees or state-chartered institutions regulated by the OFR is summarized below:<sup>2</sup>

<u>Division</u>	<u>Number of Persons Regulated</u>
Division of Consumer Finance	122,530
Division of Financial Institutions	196
Division of Securities	403,627
Total Regulated Persons	526,353

## Cybersecurity

There are federal standards for protecting customer information and Florida consumer protection laws for data security; however, there are no cybersecurity regulations under the financial services provisions. The Department of Legal Affairs (DLA) is responsible for enforcing such a violation and may disclose information to OFR relating to a covered entity’s<sup>3</sup> violation of data security requirements of confidential personal information under consumer protection laws but the OFR has no regulatory authority to enforce any violation of the data security provisions in the consumer protection laws.<sup>4</sup>

## *Federal Standards for Safeguarding Customer Information*

Financial institutions<sup>5</sup> that are subject to the Federal Trade Commission’s (FTC) jurisdiction are regulated under the Federal Standards for Safeguarding Customer Information (Safeguard

<sup>1</sup> Section 20.121(3)(a)2., F.S.

<sup>2</sup> The OFR, *Fast Facts* (Jan. 2025 ed.), available at: [fast-facts.pdf](#) (last visited Jan. 7, 2026) (hereinafter cited as “2025 OFR Fast Facts”).

<sup>3</sup> Section 501.171(1)(b), F.S., defines “covered entity” as a sole proprietorship, partnership, corporation, trust, estate, cooperative, association, or other commercial entity that acquires, maintains, stores, or uses personal information. The term also includes governmental entities with respect to certain notice requirements.

<sup>4</sup> Section 501.171(9)(a), F.S.

<sup>5</sup> 16 C.F.R. 314.2 defines “financial institution” as any institution the business of which is engaging in activity that is financial in nature or incidental to such financial activities as described in section 4(k) of the Bank Holding Company Act of 1956, 12 U.S.C. 1843(k). An institution that is significantly engaged in financial activities, or significantly engaged in activities incidental to such financial activities, is a financial institution.

Rules).<sup>6</sup> The Safeguard Rules do not apply to financial institutions that maintain customer information<sup>7</sup> for fewer than 5,000 customers.<sup>8,9</sup> Financial institutions subject to the Safeguard Rules are required to develop, implement, and maintain a comprehensive written information security program<sup>10</sup> that must be tailored to the size and complexity of the institution's system and activities, and must meet other specified criteria.<sup>11</sup>

The information security program must also include several elements, for instance:

- Designating a qualified individual to oversee and implement the program;
- Basing the system on a risk assessment that identifies certain factors;
- Testing and monitoring the system;
- Implementing specified safeguards to control the risks;
- Implementing certain policies and procedures;
- Overseeing service providers;
- Evaluating and adjusting the program following the testing and monitoring results;
- Establishing a written incident response plan;
- Complying with reporting requirements; and
- Notifying the FTC of a qualifying event in certain circumstances.<sup>12</sup>

A financial institution must notify the FTC of a notification event<sup>13</sup> that involves information of at least 5000 consumers.<sup>14</sup> Such notification must be made as soon as possible, but no later than

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<sup>6</sup> 16 C.F.R. 314.1(b).

<sup>7</sup> 16 C.F.R. 314.2(d) defines "customer information" as any record containing nonpublic personal information about a customer of a financial institution, whether in paper, electronic, or other form, that is handled or maintained by or on behalf of a financial institution or a financial institution's affiliates. 16 C.F.R. 314.2(l) defines (1) "nonpublic personal information" as (i) Personally identifiable financial information; and (ii) Any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information that is not publicly available. (2) Nonpublic personal information does not include: (i) Publicly available information; or (ii) Any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived without using any personally identifiable financial information that is not publicly available. 16 C.F.R. 314.2(b)(1) defines "consumer" as an individual who obtains or has obtained a financial product or service from a financial institution that is to be used primarily for personal, family, or household purposes, or that individual's legal representative.

<sup>8</sup> 16 C.F.R. 314.2(c) defines "customer" as a consumer who has a customer relationship with a financial institution. 16 C.F.R. 314.2(e)(1) defines "customer relationship" as a continuing relationship between a consumer and a financial institution under which the financial institution provides one or more financial products or services to the consumer that are to be used primarily for personal, family, or household purposes. 16 C.F.R. 314.2(g)(1) defines "financial product or service" as any product or service that a financial holding company could offer by engaging in a financial activity under section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)).

<sup>9</sup> 16 C.F.R. 314.6.

<sup>10</sup> 16 C.F.R. 314.2(i) defines "information security program" as the administrative, technical, or physical safeguards a financial institution uses to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.

<sup>11</sup> 16 C.F.R. 314.3(a).

<sup>12</sup> 16 C.F.R. 314.4.

<sup>13</sup> 16 C.F.R. 314.2(m) defines "notification event" as acquisition of unencrypted customer information without the authorization of the individual to which the information pertains. Customer information is considered encrypted for this purpose if the encryption key was accessed by an unauthorized person. Unauthorized acquisition will be presumed to include unauthorized access to unencrypted customer information unless the financial institution has reliable evidence showing that there has not been, or could not reasonably have been, unauthorized acquisition of such information.

<sup>14</sup> 16 C.F.R. 314.4(j)(1).

30 days after discovery of the event, on the FTC’s website and must include specified information.<sup>15</sup>

### ***Florida Security of Confidential Personal Information***

Section 501.171, F.S., provides covered entities, governmental entities, and third-party agents are required to take reasonable measures to protect and secure electronic data containing personal information.<sup>16,17</sup> When the security of a data system is breached, a covered entity must provide notice to the DLA, affected individuals, and credit reporting agencies in certain circumstances.<sup>18</sup> A covered entity that fails to provide the required notices may face civil penalties.<sup>19</sup>

### **Notice to the Department of Legal Affairs**

Covered entities must provide written notice of any breach of security that affects 500 or more Floridians to the DLA within 30 days after the determination of the breach or a reason to believe a breach occurred.<sup>20</sup> The notice may be delayed an additional 15 days for good cause, if certain conditions are met.<sup>21</sup> The notice must include specified information.<sup>22</sup> A covered entity must also

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<sup>15</sup> *Id.* (providing the notice must include: (i) The name and contact information of the reporting financial information; (ii) A description of the types of information that were involved in the notification event; (iii) If the information is possible to determine, the date or date range of the notification event; (iv) The number of consumers affected or potentially affected by the notification event; (v) A general description of the notification event; and (vi) Whether any law enforcement official has provided the financial institution with a written determination that notifying the public of the breach would impede a criminal investigation or cause damage to national security, and a means for the FTC to contact the law enforcement official).

<sup>16</sup> Section 501.171(1)(g), F.S., defines 1. “personal information” as a. An individual’s first name or first initial and last name in combination with one of the following: (I) A social security number; (II) A driver license or identification card number, passport number, military identification number, or other number issued by a governmental entity used to verify identity; (III) A financial account number or credit or debit card number, in combination with any required security code, access code, or password needed to permit access to the financial account; (IV) An individual’s medical history, mental or physical condition, or medical treatment or diagnosis; (V) An individual’s health insurance policy number or subscriber identification number and any unique identifier used by a health insurer; (VI) An individual’s biometric data; or (VII) Any information regarding an individual’s geolocation. b. A user name or e-mail address, in combination with a password or security question and answer is also considered “personal information.” 2. Information that is publicly available from a federal, state, or local governmental entity or information that is encrypted, secured, or modified by a method or technology that removes personally identifiable information is not considered “personal information.” Section 501.702(4), F.S., defines “biometric data” as data generated by automatic measurements of an individual’s biological characteristics. The term includes fingerprints, voiceprints, eye retinas or irises, or other unique biological patterns or characteristics used to identify a specific individual. The term does not include physical or digital photographs; video or audio recordings or data generated from video or audio recordings; or information collected, used, or stored for health care treatment, payment, or operations under the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. ss. 1320d et seq.

<sup>17</sup> Section 501.171(2), F.S.

<sup>18</sup> Section 501.171(3) - (5), F.S.

<sup>19</sup> Section 501.171(9), F.S.

<sup>20</sup> Section 501.171(3)(a), F.S.

<sup>21</sup> *Id.*

<sup>22</sup> Section 501.171(3)(b), F.S. (providing the information that must be included is: 1. A synopsis of the events surrounding the breach at the time the notice is provided; 2. The number of individuals in this state who were or potentially have been affected by the breach; 3. Any services related to the breach being offered or scheduled to be offered by the covered entity to individuals, without charge, and instructions as to how to use such services; 4. A copy of the notice sent to individuals affected or potentially affected by the breach or an explanation of other actions being taken, such as a delay in notification at the request of law enforcement, a determination that the breach was unlikely to cause harm, or notice provided in compliance with federal law; and 5. The name, address, telephone number, and e-mail address of the employee of the covered entity from whom additional information may be obtained about the breach).

provide certain information upon request of the DLA,<sup>23</sup> and may provide any other information regarding the breach to the DLA at any time to supplement the required information.<sup>24</sup>

#### Notice to Individuals

A covered entity must provide notice to each individual in Florida whose personal information was, or is reasonably believed to have been, accessed as a result of a breach. Notice must be provided as quickly as possible, taking into account the time needed to determine the scope of the breach of security, to identify affected individuals, and to restore reasonable integrity of the data system that was breached. However, notice must be provided within 30 days of determination of the breach or reason to believe a breach occurred unless specified exceptions apply.<sup>25</sup> The notice must be sent to the individual's mailing address or e-mail address and must include specified information.<sup>26</sup>

This notice may be substituted in lieu of direct notice to the individual if the cost of providing notice will exceed \$250,000, the number of affected individuals exceeds 500,000, or the covered entity does not have an e-mail address or mailing address for the affected individuals.<sup>27</sup> The substitute notice must include a conspicuous notice on the Internet website of the covered entity, if the entity maintains a website, and notice in print and broadcast media, including major media in urban and rural areas where the affected individuals reside.<sup>28</sup>

#### Notice to Credit Reporting Agencies

If a breach requires more than 1,000 individuals to be notified at a single time, the covered entity must also notify all consumer reporting agencies that compile and maintain files on a nationwide basis of the timing, distribution, and content of the notices.<sup>29</sup>

### **Securities Transactions**

#### ***Federal Regulation***

The Securities and Exchange Commission (SEC) oversees federal securities laws<sup>30</sup> broadly aimed at protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation.<sup>31</sup>

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<sup>23</sup> Section 501.171(3)(c), F.S. (providing the information that must be provided is: 1. A police report, incident report, or computer forensics report; 2. A copy of the policies in place regarding breaches; and 3. Any steps taken by the covered entity to rectify the breach).

<sup>24</sup> Section 501.171(3)(d), F.S.

<sup>25</sup> Section 501.171(4)(a), F.S.

<sup>26</sup> Section 501.171(4)(d) and (e), F.S. (providing the notice must include: 1. The date, estimated date, or estimated date range of the breach of security; 2. A description of the personal information that was accessed or reasonably believed to have been accessed as a part of the breach of security; and 3. Information that the individual can use to contact the covered entity about the breach of security and the individual's personal information maintained by the covered entity).

<sup>27</sup> Section 501.171(4)(f), F.S.

<sup>28</sup> *Id.*

<sup>29</sup> Section 501.171(5), F.S.

<sup>30</sup> Section 15, Securities and Exchange Act of 1934.

<sup>31</sup> Securities and Exchange Commission, *Mission*, <https://www.sec.gov/about/mission> (last visited Jan. 6, 2026).



The SEC has broad regulatory authority over significant parts of the securities industry, including investment advisers.<sup>32</sup> Investment advisers are required to register with the SEC unless an exception to registration applies.<sup>33</sup> Federal law provides that a family office is not considered an investment adviser,<sup>34</sup> and defines “family office” as a company that:<sup>35</sup>

- Has no clients other than family clients,<sup>36</sup> with one exception;<sup>37</sup>
- Is wholly owned by family clients and is exclusively controlled (directly or indirectly) by one or more family members and/or family entities; and
- Does not hold itself out to the public as an investment adviser.

### Securities Act of 1933

Following the stock market crash of 1929, the Securities Act of 1933<sup>38</sup> (Act of 1933) was enacted to regulate the offers and sales of securities. The Act of 1933 requires every offer and sale of securities to be registered with the Securities and Exchange Commission (SEC), unless an exemption from registration is available. The Act of 1933 requires issuers to disclose financial and other significant information regarding securities offered for public sale and prohibits deceit, misrepresentations, and other kinds of fraud in the sale of securities. The Act of 1933 requires issuers to disclose information deemed relevant to investors as part of the mandatory SEC registration of the securities that those companies offer for sale to the public.<sup>39</sup>

Registered securities offerings, often called public offerings, are available to all types of investors and have more rigorous disclosure requirements. Initial public offerings (IPOs) provide an initial pathway for companies to raise unlimited capital from the general public through a

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<sup>32</sup> 15 U.S.C. 80b-1.

<sup>33</sup> 15 U.S.C. 80b-3.

<sup>34</sup> 17 C.F.R. 275.202(a)(11)(G)-1(a).

<sup>35</sup> 17 C.F.R. 275.202(a)(11)(G)-1(b).

<sup>36</sup> 17 C.F.R. 275.202(a)(11)(G)-1(d)(4) defines “family client” as (i) Any family member; (ii) Any former family member; (iii) Any key employee; (iv) Certain former key employee; (v) Any non-profit organization, charitable foundation, charitable trust, or other charitable organization, in each case for which all the funding such foundation, trust or organization holds came exclusively from one or more other family clients; (vi) Any estate of a family member, former family member, key employee, or, subject to specified conditions, former key employee; (vii) Any irrevocable trust in which one or more other family clients are the only current beneficiaries; (viii) Any irrevocable trust funded exclusively by one or more other family clients in which other family clients and non-profit organization, charitable foundations, charitable trusts, or other charitable organizations are the only current beneficiaries; (ix) Any revocable trust of which one or more other family clients are the sole grantor; (x) Any trust of which: Each trustee or other person authorized to make decisions with respect to the trust is a key employee; and each settlor or other person who has contributed assets to the trust is a key employee or the key employee’s current and/or former spouse or spousal equivalent who, at the time of contribution, holds a joint, community property, or other similar shared ownership interest with the key employee; or (xi) Any company wholly owned (directly or indirectly) exclusively by, and operated for the sole benefit of, one or more other family clients; provided that if any such entity is a pooled investment vehicle, it is excepted from the definition of “investment company” under the Investment Company Act of 1940.

<sup>37</sup> 17 C.F.R. 275.202(a)(11)(G)-1(b) (providing that if a person that is not a family client becomes a client of a family office as a result of the death of a family member or key employee or other involuntary transfer from a family member or key employee, that person shall be deemed to be a family client for purposes of this section for one year following the completion of the transfer of legal title to the assets resulting from the involuntary event).

<sup>38</sup> Public Law 73-22, as amended through P.L. 117-268, enacted December 23, 2022.

<sup>39</sup> *Id.*

registered offering. After its IPO, the company will be a public company with ongoing public reporting requirements.<sup>40</sup>

By contrast, securities offerings that are exempt from SEC registration are referred to as private offerings and are mainly available to more sophisticated investors. The SEC exempts certain small offerings from registration requirements to foster capital formation by lowering the cost of offering securities to the public.<sup>41</sup>

### Florida Regulation of Securities

The federal securities acts expressly allow for concurrent state regulation under blue sky laws,<sup>42</sup> which are designed to protect investors against fraudulent sales practices and activities. Most state laws typically require companies making offerings of securities to register their offerings before they can be sold in a particular state, unless a specific state exemption is available. The laws also license brokerage firms, their brokers, and investment adviser representatives.<sup>43</sup>

The scope of the OFR's jurisdiction includes the regulation and registration of the offer and sale of securities in, to, or from Florida by firms, branch offices, and individuals associated with these firms in accordance with the ch. 517, F.S.<sup>44</sup> The Division of Securities (division) within the OFR is responsible for administering the Securities and Investor Protection Act (SaIP Act). The SaIP Act prohibits dealers, associated persons, and issuers from offering or selling securities in this state unless registered with the OFR or specifically exempted.<sup>45</sup> Additionally, all securities in Florida must be registered with the OFR unless they meet one of the exemptions in ss. 517.051 or 517.061, F.S., or are federally covered (i.e., under the exclusive jurisdiction of the SEC).

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<sup>40</sup> U.S. Securities and Exchange Commission (SEC), *What does it mean to be a public company?* <https://www.sec.gov/education/capitalraising/building-blocks/what-does-it-mean-be-a-public-company> (last visited Jan. 28, 2024).

<sup>41</sup> 17 C.F.R. s. 230.251.

<sup>42</sup> The term "blue sky" derives from the characterization of baseless and broad speculative investment schemes, which such laws targeted. Cornell Law School, Blue Sky Laws [https://www.law.cornell.edu/wex/blue\\_sky\\_law#:~:text=In%20the%20early%201900s%2C%20decades,schemes%20which%20such%20laws%20targeted](https://www.law.cornell.edu/wex/blue_sky_law#:~:text=In%20the%20early%201900s%2C%20decades,schemes%20which%20such%20laws%20targeted) (last visited Jan. 28, 2024) (last visited Jan. 14, 2026).

<sup>43</sup> SEC, *Blue Sky Laws*, <http://www.sec.gov/answers/bluesky.htm> (last visited Jan. 14, 2026).

<sup>44</sup> Pursuant to s. 20.121(3), F.S. The jurisdiction of the OFR also includes state-chartered financial institutions and finance companies.

<sup>45</sup> Section 517.12, F.S.

## Florida Motor Vehicle Sales Finance Laws

The Florida Motor Vehicle Retail Sales Finance Act<sup>46</sup> regulates sellers,<sup>47</sup> commonly referred to as auto dealers, who enter into retail installment contracts<sup>48</sup> with buyers<sup>49</sup> for the purchase or lease of a motor vehicle.<sup>50</sup> Except for certain businesses, such as banks or trust companies, sellers are required to obtain a license to operate in Florida.<sup>51</sup> A seller must submit an application, specified information, and a nonrefundable fee to the Office of Financial Regulation (OFR) to obtain the required license.<sup>52</sup>

Any person who willfully and intentionally violates any provision of s. 520.995, F.S., or engages in the business of a retail installment seller without a license is guilty of a misdemeanor of the first degree. Section 520.995, F.S., provides grounds for disciplinary action by the OFR when, for instance, there is failure to comply with any provision of ch. 520, F.S. Further, the OFR has authority to issue and serve upon any person a cease and desist order whenever such person is violating, has violated, or is about to violate any provision of ch. 520, F.S.,<sup>53</sup> or may impose an administrative fine not to exceed \$1,000 for each violation that has occurred.<sup>54</sup>

Retail installment contracts must comply with several requirements and prohibitions, including, but not limited to, that the agreement must:

- Be in writing;<sup>55</sup>
- Contain a “Notice to the Buyer” which includes specified information;<sup>56</sup> and
- Contain other specified information, including the amount financed, finance charges, total amount of payments, total sale price, and payment details.<sup>57</sup>

Sellers must provide buyers with a separate written itemization of the amount financed.<sup>58</sup> Florida law contains several other provisions to protect the buyer, such as regulation on insurance rates,

<sup>46</sup> Sections 520.01-520.10, 520.12, 520.125, and 520.13, F.S.

<sup>47</sup> Section 520.02(11), F.S., defines “motor vehicle retail installment seller” or “seller” as a person engaged in the business of selling motor vehicles to retail buyers in retail installment transactions.

<sup>48</sup> “Retail installment contract” or “contract” is defined as an agreement, entered into in this state, pursuant to which the title to, or a lien upon the motor vehicle, which is the subject matter of a retail installment transaction, is retained or taken by a seller from a retail buyer as security, in whole or in part, for the buyer’s obligation. The term includes a conditional sales contract and a contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to or in excess of its value and by which it is agreed that the bailee or lessee is bound to become, or for no further or a merely nominal consideration, has the option of becoming, the owner of the motor vehicle upon full compliance with the provisions of the contract. Section 520.02(17), F.S.

<sup>49</sup> “Retail buyer” or “buyer” is defined as a person who buys a motor vehicle from a seller not principally for the purpose of resale, and who executes a retail installment contract in connection therewith or a person who succeeds to the rights and obligations of such person.

<sup>50</sup> See Ch. 520, F.S.

<sup>51</sup> Section 520.03(1), F.S.

<sup>52</sup> *Id.*

<sup>53</sup> Section 520.994(3), F.S.

<sup>54</sup> Section 520.994(4), F.S.

<sup>55</sup> Section 520.07(1)(a), F.S.

<sup>56</sup> Section 520.07(1)(b), F.S.

<sup>57</sup> Section 520.07(2), F.S.

<sup>58</sup> Section 520.07(3), F.S.

refunds for unearned insurance premiums, limits on the amount of delinquency charges a holder<sup>59</sup> may charge, and restrictions on when a contract may be signed with blank spaces.<sup>60</sup>

In conjunction with entering into any new retail installment contract or contract for a loan, a seller, a sales finance company,<sup>61</sup> or a retail lessor,<sup>62</sup> and any assignee of such an entity, may offer an optional guaranteed asset protection product<sup>63</sup> (“GAP product”) for a fee or otherwise.<sup>64</sup>

A seller or any other authorized entity may not require the buyer to purchase a GAP product as a condition for making the loan. In order to offer a GAP product, a seller or any other authorized entity must comply with the following:<sup>65</sup>

- The cost of any GAP product must not exceed the amount of the loan indebtedness.
- Any contract or agreement pertaining to a GAP product must be governed by s. 520.07, F.S., relating to requirements and prohibitions as to retail installment contracts.
- A GAP product must remain the obligation of any person that purchases or otherwise acquires the loan contract covering such product.
- An entity providing GAP products must provide readily understandable disclosures that explain in detail eligibility requirements, conditions, refunds, and exclusions. The disclosures must explain that the purchase of the GAP product is optional, and must meet certain criteria regarding the language contained in it.
- An entity must provide a copy of the executed contract for the GAP product to the buyer.
- An entity may not offer a contract for a GAP product that contains terms giving the entity the right to unilaterally modify the contract unless:
  - The modification is favorable to the buyer and is made without any additional charge; or
  - The buyer is notified of any proposed change and is provided a reasonable opportunity to cancel the contract without penalty before the change goes in effect.
- If a contract for a GAP product is terminated, the entity must refund to the buyer all unearned portions of the purchase price of the contract unless the contract provides otherwise. A customer who receives the benefit of the GAP product is not entitled to a refund. The buyer must notify the entity of the event terminating the contract and request a refund within 90 days after the terminating event. An entity may offer a buyer a nonrefundable contract for a

<sup>59</sup> Section 520.02(8), F.S., provides that a “holder” of a retail installment contract means the retail seller of a motor vehicle retail installment contract or an assignee of such contract.

<sup>60</sup> Section 520.07, F.S.

<sup>61</sup> Section 520.02(19), F.S., defines “sales finance company” as a person engaged in the business of purchasing retail installment contracts from one or more sellers. The term includes, but is not limited to, a bank or trust company, if so engaged. The term does not include the pledge of an aggregate number of such contracts to secure a bona fide loan thereon.

<sup>62</sup> Section 521.003(8), F.S., defines “retail lessor” as a person who regularly engages in the business of selling or leasing motor vehicles and who offers or arranges a lease agreement for a motor vehicle. The term includes an agent or affiliate who acts on behalf of the retail lessor and excludes any assignee of the lease agreement.

<sup>63</sup> Section 520.02(7), F.S., defines “guaranteed asset protection product” as a loan, lease, or retail installment contract term, or modification or addendum to a loan, lease, or retail installment contract, under which a creditor agrees, with or without a separate charge, to cancel or waive a customer’s liability for payment of some or all of the amount by which the debt exceeds the value of the collateral that has incurred total physical damage or is the subject of an unrecovered theft. A guaranteed asset protection product may also provide, with or without a separate charge, a benefit that waives a portion of, or provides a customer with a credit toward, the purchase of a replacement motor vehicle. Such a product is not insurance for purposes of the Florida Insurance Code. This subsection also applies to all guaranteed asset protection products issued before October 1, 2008.

<sup>64</sup> Section 520.07(11), F.S.

<sup>65</sup> *Id.*

GAP product only if the entity also offers the buyer a bona fide option to purchase a comparable contract that provides for a refund. Florida law prohibits an entity from deducting more than \$75 in administrative fees from a refund

- GAP products may be cancelable or noncancelable after a free-look period.<sup>66</sup>
- If a GAP product is terminated because of:
  - A default under the retail installment contract or contract for a loan,
  - The repossession of the motor vehicle associated with such contract or loan, or
  - Any other termination of such contract or loan, a refund of the GAP product amount may be used to satisfy any balance owed on the retail installment contract or contract for a loan unless the buyer can show that the retail installment contract has been paid in full.

### Money Services Businesses

The Office of Financial Regulation (OFR) regulates money services businesses (MSB) under ch. 560, F.S. A “money service business” is defined as any person located in or doing business in this state, from this state, or into this state from locations outside this state or country who acts as a payment instrument seller, foreign currency exchanger, check casher, or money transmitter.<sup>67</sup> The OFR is responsible for enforcing regulations and imposing disciplinary actions against MSBs.<sup>68</sup>

The OFR has authority to implement several disciplinary actions against a MSB for specified actions, such as failing to comply with the provisions of ch. 560, F.S., certain fraud or misrepresentation conduct, and refusing to allow the examination or inspection of books or files.<sup>69</sup> Section 560.114, F.S., provides for the following disciplinary actions:

- Issuing a cease and desist order;
- Issuing a removal order; or
- Denying, suspending, or revoking a license.<sup>70</sup>

### Financial Institutions

A financial institution must have a federal or state charter to accept deposits. Banks are chartered and regulated as national banks by the Office of the Comptroller of the Currency (OCC) within the U.S. Department of the Treasury or as state banks by a state regulator.<sup>71</sup> The Florida Financial Institutions Codes apply to all state-authorized or state-chartered financial banks, trust companies, and related entities.<sup>72</sup> Of the 196 financial entities regulated by the OFR, 57 of them

<sup>66</sup> Section 520.135(5), F.S., defines “free-look period” as the period of time, commencing on the effective date of the contract, during which the buyer may cancel the contract for a full refund of the purchase price. This period may not be shorter than 30 days.

<sup>67</sup> Section 560.103(23), F.S.

<sup>68</sup> Section 560.114(1), F.S.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> Congressional Research Service, *Introduction to Financial Services: Banking*, p. 1, January 5, 2023, available at: <https://crsreports.congress.gov/product/pdf/IF/IF10035> (last visited Jan. 6, 2026).

<sup>72</sup> Section 655.005(1)(k), F.S., states that the Financial Institutions Codes includes: Ch. 655, financial institutions generally; Ch. 657, credit unions; Ch. 658, banks and trust companies; Ch. 660, trust business; Ch. 662, family trust companies; Ch. 663, international banking; Ch. 665, relating to associations; and Ch. 667, savings banks.

are state-chartered banks.<sup>73</sup> There are also approximately 30 federally-chartered banks operating in Florida.<sup>74</sup>

### ***Laws Relating to Directors and Executive Officers***

Federally-chartered banks, publicly or privately held, must comply with rigorous regulatory requirements to become chartered.<sup>75</sup> No person is allowed to offer any national bank issued security unless certain registration requirements are filed with the OCC,<sup>76</sup> unless an exemption applies, such as nonpublic offerings.<sup>77</sup> State laws also specify requirements that a proposed new bank or trust company must comply with to be chartered, including minimum qualifications of directors and certain proposed executive officers.<sup>78</sup>

### **Initial Application**

The OFR is required to make certain findings before approving an application to organize a bank or trust company.<sup>79</sup> One such finding is that the proposed directors and officers have sufficient financial institution experience, ability, standing, and reputation to indicate a reasonable promise of successful operation.<sup>80</sup> Specifically, the OFR must find that at least two of the proposed directors who are not also proposed officers, and the proposed president or proposed chief executive officer, have had at least one year of direct experience as an executive officer, regulator, or director of a financial institution within 5 years before the date of the application.<sup>81</sup> The OFR has authority to waive this experience requirement for the proposed president or chief executive officer after considering the following criteria:<sup>82</sup>

- The adequacy of the overall experience and expertise of the proposed president or chief executive officer;
- The likelihood of successful operation of the proposed state bank or trust company;
- The adequacy of the proposed capitalization;
- The proposed capital structure;
- The experience of the other proposed officers and directors; and
- Any other relevant data or information.

### **Director Qualifications**

The board of directors of a bank or trust company must consist of at least five directors. Each director must be elected, except in cases when a director is appointed to fill a vacancy.<sup>83</sup> A majority of the directors must be United States citizens during their whole term of service, and

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<sup>73</sup> 2025 OFR Fast Facts.

<sup>74</sup> The OCC, *National Banks Active As of 11/30/2025*, November 30, 2025, available at [national-by-state.pdf](#) (last visited Jan. 6, 2026).

<sup>75</sup> See 12 CFR 16; Office of the Comptroller of the Currency, *Comptroller's Licensing Manual Charters*, p. 4, December 2021, available at [charters.pdf](#) (last visited Jan. 6, 2026).

<sup>76</sup> 12 CFR 16.3

<sup>77</sup> 12 CFR 16.7

<sup>78</sup> Section 658.21, F.S.

<sup>79</sup> Section 658.21, F.S.

<sup>80</sup> Section 658.21(4)(a), F.S.

<sup>81</sup> Section 658.21(4)(b) and (c), F.S.

<sup>82</sup> Section 658.21(4)(c), F.S.

<sup>83</sup> Section 658.33(1), F.S.

must have resided in Florida for at least 1 year preceding their election, and must remain residents during their time in office.<sup>84</sup> In the case of a bank or trust company with total assets of less than \$150 million, at least one, and in the case of a bank or trust company with total assets of \$150 million or more, two of the directors who are not also officers of the bank or trust company must have had at least 1 year of direct experience as an executive officer, regulator, or director of a financial institution within the last 5 years.<sup>85</sup>

#### Disapproval of Directors and Executive Officers

Although federal law does not require a minimum amount of experience for proposed directors or executive officers, the appropriate Federal banking agency must issue a notice of disapproval if the competence, experience, character, or integrity of an individual indicates that it would not be in the best interests of the depositors of the depository institution or the public to permit the individual to be a director or be employed as a senior executive officer of the institution.<sup>86</sup> If the appropriate Federal banking agency issues a notice of disapproval before the end of a specified notice period, the entity may not add the individual to the board of directors.<sup>87</sup>

Similar to Federal law, Florida law also authorizes the OFR to disapprove the proposed appointment of any individual to the board of directors or employment of an individual as an executive officer if certain criteria are met, including, but not limited to, when the institution is non-compliant with minimum capital requirements or is otherwise operating in an unsafe and unsound condition.<sup>88</sup>

#### **Credit Unions**

A credit union must have a federal or state charter to operate in Florida. Credit unions are chartered and regulated as a national credit union by the National Credit Union Association (NCUA).<sup>89</sup> Such membership is limited to a group or groups with a common bond of occupation or association within a defined community. Deposits into a federal credit union allow members to become owners of the credit union, run to become a credit union official, and vote on certain matters.<sup>90</sup>

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<sup>84</sup> Section 658.33(2), F.S.

<sup>85</sup> *Id.*

<sup>86</sup> 12 U.S.C. § 1831i(e).

<sup>87</sup> 12 U.S.C. § 1831i(b).

<sup>88</sup> Section 655.005(y), F.S., defines “unsafe and unsound practice” as: 1. any practice or conduct found by the office to be contrary to generally accepted standards applicable to a financial institution, or a violation of any prior agreement in writing or order of a state or federal regulatory agency, which practice, conduct, or violation creates the likelihood of loss, insolvency, or dissipation of assets or otherwise prejudices the interest of the financial institution or its depositors or members.

<sup>89</sup> National Credit Union Administration, *Overview of the Charter Application Process*, April 14, 2022, available at [Overview of the Charter Application Process | NCUA](#) (last visited Jan. 6, 2026).

<sup>90</sup> National Credit Union Administration, *Overview of Federal Credit Unions*, April 14, 2022, available [Credit Union: Definition, Structure and How it Works](#) (last visited Jan. 6, 2026).

The Florida Financial Institutions Codes apply to all state-chartered credit unions.<sup>91</sup> There are approximately 138 credit unions in Florida<sup>92</sup> with 67 of them being state-chartered.<sup>93</sup> Florida law provides that any person may be admitted to a credit union upon payment of any required fee, payment of shares, and compliance with the credit union bylaws.<sup>94</sup> State-chartered credit unions operate as financial institutions except for exercising certain incidental powers authorized by law.<sup>95</sup>

### ***Member Qualifications***

An application must be filed with the OFR to organize a credit union.<sup>96</sup> Any five or more residents of Florida who represent a limited field of membership may apply for permission to organize a credit union.<sup>97</sup> The application must be submitted on a prescribed form with specified information and a nonrefundable filing fee.<sup>98</sup>

### ***Membership Meetings***

Members are required to notice and hold the annual meeting and any special meetings of the members at the time, place, and in the manner provided in the bylaws.<sup>99</sup> Each member has one vote.<sup>100</sup> The members must elect the board of directors and other committees prescribed in the bylaws and transact any other business that the bylaws allow.<sup>101</sup>

### ***Investments***

Florida law regulates how credit unions may invest funds. There are no limits with respect to investing in some assets, for instance United States Treasury bonds. Examples of other classes of assets that are subject to investment limits include up to:<sup>102</sup>

- Twenty-five percent of the credit union's capital in shares or deposit accounts in any one corporate credit union or other insured financial depository institution.
- One percent of the credit union's capital in corporate obligations of any one corporation which is an affiliate or subsidiary of the credit union in certain circumstances.
- Five percent of the credit union's capital in real estate and improvements, furniture, fixtures, and equipment utilized by the credit union for the transaction of business. Credit unions may receive prior written approval from the OFR to exceed the five percent limit if the following criteria is met:
  - The proposed investment is necessary.
  - The amount is commensurate with the size and needs of the credit union.
  - The investment will be beneficial to the members.

<sup>91</sup> Section 655.005(1)(k), F.S., states that the Financial Institutions Codes includes ch. 657, credit unions.

<sup>92</sup> National Credit Union Service Organization, *Florida Credit Unions*, available at [Florida Credit Unions](#) (last visited Jan. 6, 2026).

<sup>93</sup> 2025 OFR Fast Facts at p. 4.

<sup>94</sup> Section 657.023(1), F.S.

<sup>95</sup> Section 657.031(3), F.S.

<sup>96</sup> Section 657.005(1), F.S.

<sup>97</sup> Section 657.005(2), F.S.

<sup>98</sup> Section 657.005(3), F.S.

<sup>99</sup> Section 657.024(1), F.S.

<sup>100</sup> Section 657.024(2), F.S.

<sup>101</sup> Section 657.024(4), F.S.

<sup>102</sup> Section 657.042, F.S.



- A reasonable plan is developed to reduce the investment to statutory limits.

In 2015, the NCUA removed the federal regulation that restricted federal credit unions from investing more than five percent aggregate in fixed-asset investments.<sup>103</sup>

## **Examination Costs**

### Financial Institutions

The OFR is required to conduct examinations of each financial institution at least once every 18 months. The OFR has discretion on whether to conduct more frequent examinations based upon the financial institution's risk profile, prior examination results, or significant changes in the institution or its operations.<sup>104</sup> The OFR may rely upon an examination conducted by an appropriate federal regulatory agency or may conduct a joint examination with the federal agency.<sup>105</sup> The OFR may conduct an examination or investigation of an affiliate<sup>106</sup> if the OFR has reason to believe that the conduct or business operations of such affiliate may have a negative impact on the state financial institution.<sup>107</sup>

The OFR may recover costs<sup>108</sup> of examination and supervision of a state financial institution, subsidiary, or service corporation that is engaged in an unsafe or unsound practice. The OFR may also recover costs of an authorized examination or investigation of an affiliate. Any costs a financial institution pays by mail must be postmarked within 30 days after the date of receipt of the notice stating that such costs are due.<sup>109</sup>

### Family Trust Companies

The OFR may conduct an examination or investigation of a licensed family trust company to determine whether such company has violated or is about to violate any provision of ch. 662, F.S., any applicable provision of the Financial Institutions Code, or any rule adopted by the commission.<sup>110</sup> The OFR may also conduct an examination or investigation of a family trust company or foreign licensed family trust company to determine whether any applicable provisions of the Financial Institutions Code has been violated or whether such company has engaged in any of the following conduct:<sup>111</sup>

- Engaged in commercial banking;

<sup>103</sup> The NCUA, *Fixed-Asset Rule Provides Relief to More than 3,800 Federal Credit Unions*, July 2015, available at [Fixed-Asset Rule Provides Relief to More than 3,800 Federal Credit Unions | NCUA](#) (last visited Jan. 6, 2026).

<sup>104</sup> Section 655.045(1), F.S.

<sup>105</sup> Section 655.045(1)(a), F.S.

<sup>106</sup> Section 655.005(1)(a), F.S., defines "affiliate" as a holding company of a financial institution established pursuant to state or federal law, a subsidiary or service corporation of such holding company, or a subsidiary or service corporation of a financial institution.

<sup>107</sup> Section 655.045(1)(b), F.S.

<sup>108</sup> Section 655.045(1)(d), F.S., defines "costs" as the salary and travel expenses directly attributable to the field staff examining the state financial institution, subsidiary, or service corporation, and the travel expenses of any supervisory staff required as a result of examination findings.

<sup>109</sup> Section 655.045(1)(c), F.S.

<sup>110</sup> Section 662.141, F.S.

<sup>111</sup> *Id.*

- Engaged in unlicensed fiduciary services with the public;
- Served as personal representative or a copersonal representative of a probate estate;
- Served as an attorney in fact or agent;<sup>112</sup> or
- Advertised its services to the public.<sup>113</sup>

A family trust company, licensed family trust company, or foreign licensed family trust company must pay a fee for the costs<sup>114</sup> of the examinations conducted by the OFR. Any costs mailed by a trust company must be postmarked within 30 days after the receipt of a notice stating that the costs are due.<sup>115</sup>

### III. Effect of Proposed Changes:

CS/SB 540, an act relating to the Office of Financial Regulation (OFR), includes all of the following provisions:

- Establishes a framework for cybersecurity of information technology programs of the following regulated licensees:
  - Mortgage brokers and lenders under ch. 494, F.S.;
  - Money services businesses under ch. 560, F.S.; and
  - Financial institutions under ch. 655, F.S.
- Narrows the definition of “investment adviser” who are subject to the Florida Securities and Investor Protection Act, and clarifies when an offer or sale of securities to a “family office” is a transaction exempt from registration requirements.
- Specifies that a parties’ rights and obligations relating to surrendered or repossessed motor vehicles is governed exclusively by the Uniform Commercial Code, Secured Transactions, ch. 679, F.S.
- Clarifies which affiliated parties of money services businesses are subject to disciplinary action and penalties and expands the grounds for which the OFR may impose disciplinary actions or penalties.
- Modifies director and officer qualifications for financial institutions.
- Amends credit union membership qualifications and meeting requirements, and eliminates the limit on fixed asset investments.
- Extends the deadline for financial institutions and family trust companies to pay examination costs.

### Cybersecurity

The bill creates three new sections relating to information security programs and cybersecurity event investigations. **Sections 1 and 7** of the bill subject: (a) mortgage brokers and lenders, and (b) money services businesses, to such cybersecurity regulation that are patterned after the Federal Safeguard Rules. **Section 8** subjects financial institutions to security requirements that are similar to the security requirements under consumer protection laws.

<sup>112</sup> Section 662.131, F.S.

<sup>113</sup> Section 662.134, F.S.

<sup>114</sup> Section 662.141(4), F.S., defines “costs” as the salary and travel expenses of field staff which are directly attributable to the examination of the trust company and the travel expenses of any supervisory and support staff required as a result of the examination findings.

<sup>115</sup> *Id.*

### ***Mortgage Brokers and Lenders, and Money Services Businesses***

**Sections 1 and 7** of the bill regulate information security programs and cybersecurity event investigations of mortgage brokers and lenders, and money services businesses.

#### **Information Security Program Requirements**

Each licensee must develop, implement, and maintain a comprehensive written information security program that contains administrative, technical, and physical safeguards for the protection of the licensee's information system and nonpublic personal information. Each licensee must ensure that the information security program meets all of the following criteria:

- Be commensurate with the following measures:
  - Size and complexity of the licensee.
  - Nature and scope of the licensee's activities.
  - Sensitivity of nonpublic personal information that is used by the licensee or that is in the licensee's possession, custody, or control.
- Be designed to do all of the following:
  - Protect the security and confidentiality of nonpublic personal information and the security of the licensee's information system.
  - Protect against threats or hazards to the security or integrity of nonpublic personal information and the licensee's information system.
  - Protect against unauthorized access to or the use of nonpublic personal information and minimize the likelihood of harm to any customer.
- Define and periodically reevaluate the retention schedule and the mechanism for the destruction of nonpublic personal information if retention is no longer necessary for the licensee's business operations or required by law.
- Regularly test and monitor systems and procedures for the detection of actual and attempted attacks on, or intrusions into, the licensee's information system.
- Be monitored, evaluated, and adjusted to meet the following requirements:
  - Determine whether the licensee's program is consistent with relevant changes in technology.
  - Confirm the licensee's program accounts for the sensitivity of nonpublic personal information.
  - Identify changes that may be necessary to the licensee's information system.
  - Eliminate any internal or external threats to nonpublic personal information.
  - Amend the licensee's program for any of the licensee's changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, and outsourcing arrangements.

The licensee must establish a written incident response plan designed to promptly respond to, and recover from, a cybersecurity event that includes:

- The confidentiality, integrity, or availability of nonpublic personal information in the licensee's possession;
- The licensee's information system; or
- The continuing functionality of any aspect of the licensee's operations.

The written incident response plan must address all of the following:

- The licensee's internal process for responding to a cybersecurity event.

- The licensee's incident response plan goals.
- The assignment of clear roles, responsibilities, and levels of decision making authority for the licensee's personnel that participate in the incident response plan.
- External communications, internal communications, and information sharing related to a cybersecurity event.
- The identification of remediation requirements for weaknesses identified in information systems and associated controls.
- The documentation and reporting regarding cybersecurity events and related incident response activities.
- The evaluation and revision of the incident response plan following a cybersecurity event.
- The process by which any required notice must be given.

A licensee that has fewer than:

- Twenty employees or independent contractors on its workforce; or
- Five hundred customers during a calendar year,

are not subject to the information technology program and cybersecurity event investigation requirements created in the bill. A licensee that no longer qualifies for such an exemption has 180 calendar days to comply with the requirements after the date of the disqualification. Each licensee shall maintain a copy of the information security program for a minimum of 5 years and must make it available to the office upon request or as part of an examination.

#### Cybersecurity Event Investigations

A licensee, or an outside vendor or third-party service provider that the licensee has designated to act on its behalf, must conduct a prompt investigation of the cybersecurity event if a cybersecurity event has or may have occurred. During the investigation, the licensee or outside vendor or third-party service provider must, to the extent possible comply with the following minimum requirements:

- Confirm that a cybersecurity event has occurred.
- Identify the date that the event first occurred.
- Assess the nature and scope of the cybersecurity event.
- Identify all nonpublic personal information that may have been compromised.
- Perform or oversee reasonable measures to restore the security of any compromised information system in order to prevent further unauthorized acquisition, release, or use of nonpublic personal information that is in the licensee's, outside vendor's, or third-party service provider's possession, custody, or control.

If a licensee learns that a cybersecurity event has occurred, or may have occurred, in an information system maintained by a third-party service provider of the licensee, the licensee must complete an investigation or confirm and document that the third-party service provider has completed an investigation that complies with the requirements provided in the bill and summarized above. A licensee must maintain all records and documentation related to the licensee's investigation of a cybersecurity event for a minimum of 5 years and must produce the records and documentation to the OFR upon request.

#### Notice of Security Breach

Each licensee must provide notice as prescribed by commission rule to the OFR of any security breach affecting 500 or more individuals. Upon the OFR's request, each licensee must provide a quarterly update of a cybersecurity event investigation until conclusion of the investigation.

### Construction

The bill provides that covered entities are not relieved from complying with s. 501.171, F.S., and any licensee that is a covered entity under that chapter remains subject to the requirements of that section.

### Rules

The bill authorizes the commission to adopt rules to administer the sections, including rules that allow a licensee that is in full compliance with the Safeguard Rules to be deemed in compliance with information security program requirements.

### Definitions

The bill defines all of the following terms:

- “Customer” means a person who seeks to obtain or who obtains or has obtained a financial product or service from a licensee.
- “Customer information” means any record containing nonpublic personal information about a customer of a financial transaction, whether on paper, electronic, or in other forms, which is handled or maintained by or on behalf of the licensee or its affiliates.
- “Cybersecurity event” means an event resulting in unauthorized access to, or disruption or misuse of, an information system, information stored on such information system, or customer information held in physical form.
- “Financial product or service” means any product or service offered by a licensee.
- “Information security program” means the administrative, technical, or physical safeguards used to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.
- “Information system” means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of electronic information, as well as any specialized system such as an industrial process control system, telephone switching and private branch exchange system, or environmental control system, which contain customer information or which are connected to a system that contains customer information.
- “Licensee” means a person licensed under the relevant chapter 494 or 560, F.S.
- “Nonpublic personal information” means:
  - Personally identifiable financial information;<sup>116</sup> and

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<sup>116</sup> “Personally identifiable financial information” means any information that: (A) A customer provides to a licensee to obtain a financial product or service, such as information that a customer provides to a licensee on an application to obtain a loan or other financial product or service; (B) A licensee receives about a consumer which is obtained during or as a result of any transaction involving a financial product or service between the licensee and the customer, such as information collected through an information-collecting device from a web server; or (C) A licensee otherwise obtains about a customer in connection with providing a financial product or service to the customer, such as the fact that an individual is or has been one of the licensee's customers or has obtained a financial product or service from the licensee. The term “personally identifiable

- Any list, description, or other grouping of customers which is derived using any personally identifiable financial information that is not publicly available, such as account numbers, including any list of individuals' names and street addresses which is derived, in whole or in part, using personally identifiable financial information that is not publicly available.
- The term does not include:
  - Publicly available information,<sup>117</sup> except as included on a list, description, or other grouping of customers described above;
  - Any list, description, or other grouping of consumers, or any publicly available information pertaining to such list, description, or other grouping of consumers, which is derived without using any personally identifiable financial information that is not publicly available; or
  - Any list of individuals' names and addresses which contains only publicly available information, is not derived, in whole or in part, using personally identifiable financial information that is not publicly available, and is not disclosed in a manner that indicates that any of the individuals on the list is a customer of a licensee.
- "Third-party service provider" means a person, other than a licensee, which contracts with a licensee to maintain, process, or store nonpublic personal information, or is otherwise permitted access to nonpublic personal information through its provision of services to a licensee.

### ***Financial Institutions***

**Section 8** of the bill requires each financial institution to take reasonable measures to protect and secure data that are in electronic form and that contain personal information.

#### **Required Notices**

Each financial institution must provide notice that meet specified requirements of any security breach affecting 500 or more individuals in Florida to all of the following entities or individuals:

- The OFR as expeditiously as practicable, but no later than 30 days after a determination that a breach has occurred or a reason to believe that a breach has occurred which must include

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financial information" does not include: (A) A list of names and addresses of customers of an entity that is not a financial institution; or (B) Information that does not identify a customer, such as blind data or aggregate information that does not contain personal identifiers such as account numbers, names, or addresses.

<sup>117</sup> "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from: (A) Federal, state, or local government records, such as government real estate records or security interest filings; (B) Widely distributed media, such as information from a telephone records repository or directory, a television or radio program, a newspaper, a social media platform, or a website that is available to the general public on an unrestricted basis. A website is not restricted merely because an Internet service provider or a site operator requires a fee or a password, so long as access is available to the general public; or (C) Disclosures to the general public which are required to be made by federal, state, or local law. The term "reasonable basis to believe is lawfully made available to the general public" relating to any information means that the person has taken steps to determine: (A) That the information is of the type that is available to the general public, such as information included on the public record in the jurisdiction where the mortgage would be recorded; and (B) Whether an individual can direct that the information not be made available to the general public and, if so, the customer to whom the information relates has not done so, such as when a telephone number is listed in a telephone directory and the customer has informed the licensee that the telephone number is not unlisted.

all requirements under s. 501.171(3)(b), F.S.,<sup>118</sup> and must include all of the following items:<sup>119</sup>

- Upon request, provide the following information:
  - 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.
- The DLA in accordance with notice requirements of any security breach under consumer protection laws.<sup>120</sup>
- Each individual in this state whose personal information was, or the financial institution reasonably believes to have been, accessed as a result of the breach in accordance with the notice requirements of any security breach under consumer protection laws.<sup>121</sup> Such notice must be provided no later than 30 days after the determination of the breach or the determination of a reason to believe that a breach has occurred. This deadline may be extended for an additional 15 days if good cause for delay is provided in writing to the OFR within 30 days after determination of the breach or the reason to believe that a breach has occurred.
- If a financial institution discovers circumstances requiring notice to more than 1,000 individuals at a single time, the financial institution shall also notify, without unreasonable delay, all consumer reporting agencies that compile and maintain files on a nationwide basis<sup>122</sup> of the timing, distribution, and content of the notices.

### Definitions

- “Breach of security” or “breach” means unauthorized access of data in electronic form<sup>123</sup> containing personal information. Good faith access of personal information by an employee or agent of a financial institution does not constitute a breach of security, provided that the information is not used for a purpose unrelated to the business or subject to further unauthorized use.
- “Department” means the Department of Legal Affairs.
- “Personal information” means:

<sup>118</sup> Section 501.171(3)(b), F.S. (requiring the following information to be provided in the written notice to the DLA: 1. A synopsis of the events surrounding the breach; 2. The number of individuals in the state who were or potentially have been affected by the breach; 3. Any services related to the breach being offered or scheduled to be offered, without charge, by the covered entity to individuals, and instructions how to use such services; 4. A copy of the notice required to be provided to individuals or an explanation of the other actions taken regarding such notice; 5. The name, address, telephone number, and e-mail address of the employee or agent of the covered entity from whom additional information may be obtained about the breach).

<sup>119</sup> A financial institution may provide the OFR with supplemental information at any time.

<sup>120</sup> See s. 501.171(3), F.S.

<sup>121</sup> See s. 501.171(4), F.S.

<sup>122</sup> 15 U.S.C. s. 1681a(p) defines “consumer reporting agency that compiles and maintains files on consumers on a nationwide basis” as a consumer reporting agency that regularly engages in the practice of assembling or evaluating, and maintaining, for the purpose of furnishing consumer reports to third parties bearing on a consumer’s credit worthiness, credit standing, or credit capacity, each of the following regarding consumers residing nationwide: (1) public record information. (2) Credit account information from persons who furnish that information regularly and in the ordinary course of business.

<sup>123</sup> The term “data in electronic form” means any data stored electronically or digitally on any computer system or other database and includes recordable tapes and other mass storage devices.

- An individual's first name, or first initial, and last name, in combination with any of the following data for that individual:
  - A social security number;
  - A driver license or identification card number, passport number, military identification number, or other similar number issued on a government document;
  - A financial account number or credit or debit card number, in combination with any required security code, access code, or password that is necessary to permit access to the individual's financial account;
  - The individual's biometric data;<sup>124</sup> or
  - Any information regarding the individual's geolocation; or
- A username or e-mail address, in combination with a password or security question and answer that would permit access to an online account.
- The term does not include:
  - Information about an individual which has been made publicly available by a federal, state, or local governmental entity.
  - Information that is encrypted, secured, or modified by any other method or technology that removes elements that personally identify an individual or that otherwise renders the information unusable.

### ***Disciplinary Actions and Penalties***

**Section 2** of the bill subjects mortgage brokers and mortgage lenders who are covered under the cybersecurity regulation to any administrative fines or penalties provided in s. 494.00255, F.S., for failure to comply with notification requirements to the DLA and individuals whose personal information was, or the covered entity reasonably believes to have been, accessed as a result of the breach.<sup>125</sup> **Section 6** of the bill subjects money services businesses who are covered under the cybersecurity regulation to any disciplinary actions or penalties provided in s. 560.114, F.S., for failing to make such notifications.

### **Securities Transactions**

**Section 3** of the bill amends the definition of "investment adviser" to exclude the following persons from regulation as investment advisers:

- During the preceding 12 months, a person that:
  - Without a place of business in the state, has had fewer than six clients who are residents of the state.
  - With a place of business in the state, has had fewer than six clients who are residents of the state and no clients who are not residents of the state.

Current law provides a person that, during the preceding 12 months, has fewer than six clients who are residents of Florida are not investment advisers without distinguishing whether the place of business is in the state. Therefore, the amendment in the bill narrows the exemption in current law to provide that a person who has a place of business in Florida is not an investment adviser only if such business has no clients who are residents out-of-state during the preceding 12 months.

<sup>124</sup> *Supra* note 16.

<sup>125</sup> *See* s. 501.171(3) and (4), F.S.



A family office as defined by specified provisions in Securities and Exchange Commission Rule under the Investment Advisers Act of 1940, as amended.<sup>126</sup> The bill clarifies when determining whether a person meets the definition of “family offices,” the following terms have the same meaning as in Securities and Exchange Commission Rule 202(a)(11)(G)-1(d), 17 C.F.R. s. 275.202(a)(11)(G)-1(d):

- Affiliated family office;<sup>127</sup>
- Control;<sup>128</sup>
- Executive officer;<sup>129</sup>
- Family client;<sup>130</sup>
- Family entity;<sup>131</sup>
- Family member;<sup>132</sup>
- Former family member;<sup>133</sup>
- Key employee;<sup>134</sup> and
- Spousal equivalent.<sup>135</sup>

**Section 4** of the bill provides the same definitions for these terms to clarify when an offer or sale of securities to a “family office” is exempt from registration requirements. Cross-references to the Securities and Exchange Commission Rule that defines “family office” are updated.

<sup>126</sup> *Supra* 35; 17 C.F.R. s. 275.202(a)(11)(G)-1(b).

<sup>127</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(d)(1) defines “affiliated family office” as a family office wholly owned by family clients of another family office and that is controlled (directly or indirectly) by one or more family members of such other family office and/or family entities affiliated with such other family office and has no clients other than family clients of such other family office.

<sup>128</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(d)(2) defines “control” as the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of being an officer of such company.

<sup>129</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(3) defines “executive officer” as the president, any vice president in charge of a principal business unit, division or function (such as administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions, for the family office.

<sup>130</sup> *Supra* 36.

<sup>131</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(5) defines “family entity” as any of the trusts, estates, companies or other entities described in the definition of “family client” in 17 C.F.R. s. 275.202(a)(11)(G)-1(d)(4)(v)-(ix) or (xi), but excluding key employees and their trusts from the definition of family client solely for purposes of this definition.

<sup>132</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(6) defines “family member” as all lineal descendants (including by adoption, stepchildren, foster children, and individuals that were a minor when another family member became a legal guardian of that individual) of a common ancestor (who may be living or deceased), and such lineal descendants’ spouses or spousal equivalents; provided that the common ancestor is no more than 10 generations removed from the youngest generation of family members.

<sup>133</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(7) defines “former family member” as a spouse, spousal equivalent, or stepchild that was a family member but is no longer a family member due to a divorce or other similar event.

<sup>134</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(8) defines “key employee” as any natural person (including any key employee’s spouse or spouse equivalent who holds a joint, community property, or other similar shared ownership interest with that key employee) who is an executive officer, director, trustee, general partner, or person serving in a similar capacity of the family office or its affiliated family office or any employee of the family office or its affiliated family office (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the family office) who, in connection with his or her regular functions or duties, participates in the investment activities of the family office or affiliated family office, provided that such employee has been performing such functions and duties for or on behalf of the family office or affiliated family office, or substantially similar functions or duties for or on behalf of another company, for at least 12 months.

<sup>135</sup> 17 C.F.R. s. 275.202(a)(11)(G)-1(9) defines “spousal equivalent” as cohabitant occupying a relationship generally equivalent to that of a spouse.

**Section 3** of the bill also defines “place of business” as an office at which the investment adviser regularly provides investment advisory services to, solicits, meets with, or otherwise communicates with clients; and any other location that is held out to the general public as a location at which the investment adviser provides investment advisory services to, solicits, meets with, or otherwise communicates with clients.

### **Surrendered or Repossessed Motor Vehicles**

**Section 5** of the bill provides that a parties’ rights and obligations with respect to a surrendered or repossessed motor vehicle are exclusively governed by the Uniform Commercial Code, Secured Transactions, part VI of ch. 679, F.S.

### **Money Services Businesses Disciplinary Actions and Penalties**

#### ***Grounds for Disciplinary Actions and Penalties***

**Section 6** of the bill clarifies that an affiliated of a money services business that is subject to disciplinary actions and penalties of ch. 560, F.S., must be affiliated at the time of commission of the actions. Grounds for disciplinary actions and penalties are expanded to include being convicted, or entering a plea to a crime, regardless of adjudication, to the following provisions:

- A violation of the 31 U.S.C., Bank Secrecy Act, relating to:
  - Section 5318 requiring appropriate procedures and reporting requirements to guard against money laundering, the financing of terrorism, or other forms of illicit finance; compliance with lawful summons; and reporting suspicious transactions.
  - Section 5322 providing for criminal penalties relating to the following provisions or rules prescribed under such sections:
    - 31 USC Subtitle IV, Chapter 53, Subchapter II (except ss. 5315, 5324, and 5336), relating to records and reports on money instruments transactions or an order issued under such subchapter.
    - Section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91-508, relating to retention of records and compliance with such retention requirements by depository institutions.
    - 31 U.S.C. s. 5318(a)(2) relating to a domestic financial institutions obligation to maintain appropriate procedures to ensure compliance with anti-money laundering regulations.
    - 31 U.S.C. s. 5318(i) relating to certain financial institution’s requirements to maintain due diligence policies and procedures.
    - 31 U.S.C. s. 5318(j) relating to prohibitions on United States Correspondent Accounts with Foreign Shell Banks.
    - 31 U.S.C. s. 5318A relating to special measures required by the Secretary of Treasury.
- A violation of 31 C.F.R. ch. X, part 1022, relating to rules for anti-money laundering programs for money services businesses, including requirements to establish policies and procedures for such program, and comply with reporting and filing provisions.

### ***Orders Suspending a License***

The bill requires, rather than authorizes, the OFR to issue an emergency order suspending, rather than summarily suspending, a money services business license when the OFR finds that a licensee poses an immediate, serious danger to the public health, safety, and welfare. A corresponding provision related to the OFR seeking a final order for the summary suspension is removed because the provision is no longer relevant.

No further findings of immediate danger, necessity, and procedural fairness are required before ordering the suspension in specified situations. One such situation applies when a MSB fails to maintain a federally insured depository account as required by s. 560.309, F.S., The bill amends this provision to include when a MSB fails to maintain a federally insured depository account as required by s. 560.208, F.S., in addition to s. 560.309, F.S., already referenced in current law.

### **Financial Institutions Director and Officer Qualifications**

**Sections 13 and 14** of the bill modifies when the OFR must approve an application for the creation of a banking or trust corporation to require at least two of the proposed directors who are not also proposed officers, and the proposed president or chief executive officer, to have at least one year of direct experience as an executive officer, regulator, or director within the last 10 years, rather than within the last 5 years. The bill requires, rather than authorizes, the OFR to waive this experience requirement for the proposed president or chief executive officer after considering the specified criteria in current law.<sup>136</sup>

Similarly, directors' minimum qualifications are amended to require (a) in the case of a bank or trust company with a total assets of less than \$150 million, at least one director, and (b) in the case of a bank or trust company with total assets of \$150 million or more, two of the directors, who are not also officers of the bank or trust company at least 1 year of direct experience as an executive officer, regulator, or director of a financial institution within the 10 years, rather than the last 5 years.

### **Credit Unions**

#### ***Member Qualifications and Meetings***

**Section 10** of the bill reduces the number of individuals who apply to organize a credit union that must reside in the state from all individuals to a majority of individuals. **Section 11** of the bill removes investment restrictions in real estate and equipment for the credit union. The section also allows credit union members to meet electronically for annual and special meetings and without an in-person quorum and provides virtual attendance may satisfy quorum requirements, subject to the credit union's bylaws.

#### ***Investments***

**Section 12** of the bill repeals a provision that provides a credit union may invest only up to five percent of the credit union's capital in real estate and improvements, furniture, fixtures, and

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<sup>136</sup> *Supra* note 76.

equipment utilized by the credit union for the transaction of business. A related provision is also repealed allowing credit unions to exceed the five percent limit with prior written approval by the OFR if all the specified criteria are met. This amendment is intended to make state credit unions more competitive with federal credit unions that no longer must comply with similar requirements. Further, the OFR reports that the “NCUA’s examination and supervision program will address credit unions’ safe and sound management of fixed assets.”<sup>137</sup>

#### **Examination costs**

**Sections 9 and 15** of the bill extend the time for a financial institution and family trust company to pay staff examination costs from 30 to 45 days.

**Section 16** of the bill amends s. 517.12(21), F.S., to update a cross-reference.

**Section 17** provides the bill is effective July 1, 2026.

#### **IV. Constitutional Issues:**

**A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

None.

**E. Other Constitutional Issues:**

None.

#### **V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

None.

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<sup>137</sup> The OFR, *2025 Agency Legislative Bill Analysis Florida Office of Financial Regulation for SB 1612*, March 10, 2025 (on file with Senate Committee on Banking and Insurance).

**B. Private Sector Impact:**

The OFR reports that the bill will have no fiscal impact on the private sector.<sup>138</sup>

**C. Government Sector Impact:**

The OFR reports that the bill will have no fiscal impact on state or local government.<sup>139</sup>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 494.00255, 517.021, 517.061, 520.135, 560.114, 655.045, 657.005, 657.024, 657.042, 658.21, 658.33, 662.141, and 517.12

This bill creates the following sections of the Florida Statutes: 494.00123, 560.1311, 655.0171

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance Committee on January 13, 2026:**

- Provides that parties' rights and obligations relating to a surrendered or repossessed motor vehicle are governed exclusively by the Uniform Commercial Code;
- Clarifies that credit union annual and special meetings held virtually do not require a quorum in-person;
- Allows credit unions to consider virtual attendees to satisfy quorum requirements for annual and special meetings held virtually;
- Clarifies when a person meets a definition of "family office" for purposes of an exemption as an investment adviser and an exemption from registration requirements for an offer or sale of securities; and
- Removes section 4 of the bill that modifies the Financial Technology Sandbox provisions.

<sup>138</sup> The OFR, *2026 Agency Legislative Bill Analysis Florida Office of Financial Regulation for SB 540*, p. 5, Dec. 29, 2025, (on file with the Senate Committee on Banking and Insurance) (hereinafter cited as "2026 OFR Agency Analysis for SB 540").

<sup>139</sup> *Id.*

B. Amendments:

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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686220

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/15/2026	.	
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The Committee on Banking and Insurance (Martin) recommended the following:

**Senate Amendment (with title amendment)**

Between lines 435 and 436  
insert:

Section 4. Section 520.135, Florida Statutes, is created to  
read:

520.135 Surrendered or repossessed vehicles.—The rights and  
obligations of parties with respect to a surrendered or  
repossessed motor vehicle are exclusively governed by part VI of  
chapter 679.



686220

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Between lines 32 and 33

insert:

creating s. 520.135, F.S.; specifying that the rights  
and obligation of parties with respect to a  
surrendered or repossessed motor vehicle are  
exclusively governed by certain provisions;





465000

LEGISLATIVE ACTION

Senate	.	House
Comm: RS	.	
01/15/2026	.	
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The Committee on Banking and Insurance (Martin) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 436 - 879.

===== T I T L E   A M E N D M E N T =====

And the title is amended as follows:

Delete lines 33 - 49.



151196

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/15/2026	.	
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The Committee on Banking and Insurance (Martin) recommended the following:

**Senate Substitute for Amendment (465000) (with title amendment)**

Delete lines 425 - 879

and insert:

Commission Rule 202(a)(11)(G)-1(b) under the Investment Advisers Act of 1940, 17 C.F.R. s. 275.202(a)(11)(G)-1(b), as amended. In determining whether a person meets the definition of a family office under this subparagraph, the terms "affiliated family office," "control," "executive officer," "family client,"



151196

11 "family entity," "family member," "former family member," "key  
12 employee," and "spousal equivalent" have the same meaning as in  
13 Securities and Exchange Commission Rule 202(a)(11)(G)-1(d), 17  
14 C.F.R. s. 275.202(a)(11)(G)-1(d).

15 (28) "Place of business" of an investment adviser means an  
16 office at which the investment adviser regularly provides  
17 investment advisory services to, solicits, meets with, or  
18 otherwise communicates with clients; and any other location that  
19 is held out to the general public as a location at which the  
20 investment adviser provides investment advisory services to,  
21 solicits, meets with, or otherwise communicates with clients.

22 Section 4. Paragraph (i) of subsection (9) of section  
23 517.061, Florida Statutes, is amended to read:

24 517.061 Exempt transactions.—Except as otherwise provided  
25 in subsection (11), the exemptions provided herein from the  
26 registration requirements of s. 517.07 are self-executing and do  
27 not require any filing with the office before being claimed. Any  
28 person who claims entitlement to an exemption under this section  
29 bears the burden of proving such entitlement in any proceeding  
30 brought under this chapter. The registration provisions of s.  
31 517.07 do not apply to any of the following transactions;  
32 however, such transactions are subject to s. 517.301:

33 (9) The offer or sale of securities to:

34 (i) A family office as defined in Securities and Exchange  
35 Commission Rule 202(a)(11)(G)-1(b) ~~202(a)(11)(G)-1~~ under the  
36 Investment Advisers Act of 1940, 17 C.F.R. s. 275.202(a)(11)(G)-  
37 1(b) ~~s. 275.202(a)(11)(G)-1~~, as amended, provided that:

38 1. The family office has assets under management in excess  
39 of \$5 million;



151196

2. The family office is not formed for the specific purpose of acquiring the securities offered; and

3. The prospective investment of the family office is directed by a person who has knowledge and experience in financial and business matters that the family office is capable of evaluating the merits and risks of the prospective investment.

In determining whether a person meets the definition of a family office under this paragraph, the terms "affiliated family office," "control," "executive officer," "family client," "family entity," "family member," "former family member," "key employee," and "spousal equivalent" have the same meaning as in Securities and Exchange Commission Rule 202(a)(11)(G)-1(d), 17 C.F.R. s. 275.202(a)(11)(G)-1(d).

===== T I T L E   A M E N D M E N T =====

And the title is amended as follows:

Delete lines 32 - 49

and insert:

adviser" and defining terms; amending s. 517.061,

F.S.; defining terms;



820822

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/15/2026	.	
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The Committee on Banking and Insurance (Martin) recommended the following:

**Senate Amendment (with title amendment)**

Delete line 1413  
and insert:  
members may be held virtually without an in-person quorum, and  
virtual attendance may satisfy quorum requirements, subject to

===== T I T L E   A M E N D M E N T =====

And the title is amended as follows:

Delete line 91



820822

11 and insert:  
12       without an in-person quorum and authorizing virtual  
13       attendance to satisfy quorum requirements under  
14       certain circumstances;

By Senator Martin

33-00646-26

2026540\_\_

1 A bill to be entitled  
 2 An act relating to the Office of Financial Regulation;  
 3 creating s. 494.00123, F.S.; defining terms; requiring  
 4 loan originators, mortgage brokers, and mortgage  
 5 lenders to develop, implement, and maintain  
 6 comprehensive written information security programs  
 7 for the protection of information systems and  
 8 nonpublic personal information; providing requirements  
 9 for such programs; requiring loan originators,  
 10 mortgage brokers, and mortgage lenders to establish  
 11 written incident response plans for specified  
 12 purposes; providing requirements for such plans;  
 13 providing applicability; providing compliance  
 14 requirements under specified circumstances; requiring  
 15 loan originators, mortgage brokers, and mortgage  
 16 lenders to maintain copies of information security  
 17 programs for a specified timeframe and to make them  
 18 available to the Office of Financial Regulation under  
 19 certain circumstances; requiring loan originators,  
 20 mortgage brokers, and mortgage lenders and certain  
 21 entities to conduct investigations of cybersecurity  
 22 events under certain circumstances; providing  
 23 requirements for such investigations; providing  
 24 requirements for records and documentation  
 25 maintenance; providing requirements for notices of  
 26 security breaches; providing construction; providing  
 27 rulemaking authority; amending s. 494.00255, F.S.;  
 28 providing additional acts that constitute a ground for  
 29 specified disciplinary actions against loan

Page 1 of 54

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

33-00646-26

2026540\_\_

30 originators and mortgage brokers; amending s. 517.021,  
 31 F.S.; revising the definition of the term "investment  
 32 adviser" and defining the term "place of business";  
 33 amending s. 559.952, F.S.; revising definitions;  
 34 removing the definition of the term "innovative";  
 35 revising the list of general law provisions that are  
 36 waived upon approval of a Financial Technology Sandbox  
 37 application; revising conditions under which a waiver  
 38 of a requirement may be granted; providing that  
 39 provisions applicable to the Financial Technology  
 40 Sandbox innovative financial products and services  
 41 apply to Financial Technology Sandbox financial  
 42 products and services; revising the criteria for the  
 43 office to consider when deciding whether to approve or  
 44 deny an application for licensure; authorizing, rather  
 45 than requiring, the office to specify the maximum  
 46 number of consumers authorized to receive financial  
 47 products and services from a Financial Technology  
 48 Sandbox applicant; removing provisions that limit the  
 49 number of such customers; revising construction;  
 50 amending s. 560.114, F.S.; specifying the entities  
 51 that are subject to certain disciplinary actions and  
 52 penalties; revising the list of actions by money  
 53 services businesses which constitute grounds for  
 54 certain disciplinary actions and penalties; requiring,  
 55 rather than authorizing, the office to suspend  
 56 licenses of money services businesses under certain  
 57 circumstances; creating s. 560.1311, F.S.; defining  
 58 terms; requiring money services businesses to develop,

Page 2 of 54

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

33-00646-26

2026540\_\_

59 implement, and maintain comprehensive written  
 60 information security programs for the protection of  
 61 information systems and nonpublic personal  
 62 information; providing requirements for such programs;  
 63 requiring money services businesses to establish  
 64 written incident response plans for specified  
 65 purposes; providing requirements for such plans;  
 66 providing applicability; providing compliance  
 67 requirements under specified circumstances; requiring  
 68 money services businesses to maintain copies of  
 69 information security programs for a specified  
 70 timeframe and to make them available to the office  
 71 under certain circumstances; requiring money services  
 72 businesses and certain entities to conduct  
 73 investigations of cybersecurity events under certain  
 74 circumstances; providing requirements for such  
 75 investigations; providing requirements for records and  
 76 documentation maintenance; providing requirements for  
 77 notices of security breaches; providing construction;  
 78 providing rulemaking authority; creating s. 655.0171,  
 79 F.S.; defining terms; requiring financial institutions  
 80 to take measures to protect and secure certain data  
 81 that contain personal information; providing  
 82 requirements for notices of security breaches to the  
 83 office, the Department of Legal Affairs, certain  
 84 individuals, and certain credit reporting agencies;  
 85 amending s. 655.045, F.S.; revising the timeline for  
 86 the mailing of payment for salary and travel expenses  
 87 of certain field staff; amending s. 657.005, F.S.;

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88 revising requirements for permission to organize  
 89 credit unions; amending s. 657.024, F.S.; authorizing  
 90 meetings of credit union members to be held virtually  
 91 and without quorums under certain circumstances;  
 92 amending s. 657.042, F.S.; removing provisions that  
 93 impose limitations on investments in real estate and  
 94 equipment for credit unions; amending s. 658.21, F.S.;  
 95 revising requirements and factors for approving  
 96 applications for organizing banks and trust companies;  
 97 amending s. 658.33, F.S.; revising requirements for  
 98 directors of certain banks and trust companies;  
 99 amending s. 662.141, F.S.; revising the timeline for  
 100 the mailing of payment for the salary and travel  
 101 expenses of certain field staff; amending s. 517.12,  
 102 F.S.; conforming a cross-reference; providing an  
 103 effective date.

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

107 Section 1. Section 494.00123, Florida Statutes, is created  
 108 to read:

109 494.00123 Information security programs; cybersecurity  
 110 event investigations.

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

112 (a) "Customer" means a person who seeks to obtain or who  
 113 obtains or has obtained a financial product or service from a  
 114 licensee.

115 (b) "Customer information" means any record containing  
 116 nonpublic personal information about a customer of a financial

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transaction, whether on paper, electronic, or in other forms, which is handled or maintained by or on behalf of the licensee or its affiliates.

(c) "Cybersecurity event" means an event resulting in unauthorized access to, or disruption or misuse of, an information system, information stored on such information system, or customer information held in physical form.

(d) "Financial product or service" means any product or service offered by a licensee under this chapter.

(e) "Information security program" means the administrative, technical, or physical safeguards used to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.

(f) "Information system" means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of electronic information, as well as any specialized system such as an industrial process control system, telephone switching and private branch exchange system, or environmental control system, which contain customer information or which are connected to a system that contains customer information.

(g) "Licensee" means a person licensed under this chapter.

(h)1. "Nonpublic personal information" means:

a. Personally identifiable financial information; and

b. Any list, description, or other grouping of customers which is derived using any personally identifiable financial information that is not publicly available, such as account numbers, including any list of individuals' names and street addresses which is derived, in whole or in part, using

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personally identifiable financial information that is not publicly available.

2. The term does not include:

a. Publicly available information, except as included on a list, description, or other grouping of customers described in sub-subparagraph 1.b.;

b. Any list, description, or other grouping of consumers, or any publicly available information pertaining to such list, description, or other grouping of consumers, which is derived without using any personally identifiable financial information that is not publicly available; or

c. Any list of individuals' names and addresses which contains only publicly available information, is not derived, in whole or in part, using personally identifiable financial information that is not publicly available, and is not disclosed in a manner that indicates that any of the individuals on the list is a customer of a licensee.

3. As used in this paragraph, the term:

a.(I) "Personally identifiable financial information" means any information that:

(A) A customer provides to a licensee to obtain a financial product or service, such as information that a customer provides to a licensee on an application to obtain a loan or other financial product or service;

(B) A licensee receives about a consumer which is obtained during or as a result of any transaction involving a financial product or service between the licensee and the customer, such as information collected through an information-collecting device from a web server; or

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(C) A licensee otherwise obtains about a customer in connection with providing a financial product or service to the customer, such as the fact that an individual is or has been one of the licensee's customers or has obtained a financial product or service from the licensee.

(II) The term "personally identifiable financial information" does not include:

(A) A list of names and addresses of customers of an entity that is not a financial institution; or

(B) Information that does not identify a customer, such as blind data or aggregate information that does not contain personal identifiers such as account numbers, names, or addresses.

b.(I) "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from:

(A) Federal, state, or local government records, such as government real estate records or security interest filings;

(B) Widely distributed media, such as information from a telephone records repository or directory, a television or radio program, a newspaper, a social media platform, or a website that is available to the general public on an unrestricted basis. A website is not restricted merely because an Internet service provider or a site operator requires a fee or a password, so long as access is available to the general public; or

(C) Disclosures to the general public which are required to be made by federal, state, or local law.

(II) As used in this sub-subparagraph, the term "reasonable basis to believe is lawfully made available to the general

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public" relating to any information means that the person has taken steps to determine:

(A) That the information is of the type that is available to the general public, such as information included on the public record in the jurisdiction where the mortgage would be recorded; and

(B) Whether an individual can direct that the information not be made available to the general public and, if so, the customer to whom the information relates has not done so, such as when a telephone number is listed in a telephone directory and the customer has informed the licensee that the telephone number is not unlisted.

(i) "Third-party service provider" means a person, other than a licensee, which contracts with a licensee to maintain, process, or store nonpublic personal information, or is otherwise permitted access to nonpublic personal information through its provision of services to a licensee.

(2) INFORMATION SECURITY PROGRAM.—

(a) Each licensee shall develop, implement, and maintain a comprehensive written information security program that contains administrative, technical, and physical safeguards for the protection of the licensee's information system and nonpublic personal information.

(b) Each licensee shall ensure that the information security program meets all of the following criteria:

1. Be commensurate with the following measures:

a. Size and complexity of the licensee.

b. Nature and scope of the licensee's activities, including the licensee's use of third-party service providers.

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c. Sensitivity of nonpublic personal information that is used by the licensee or that is in the licensee's possession, custody, or control.

2. Be designed to do all of the following:

a. Protect the security and confidentiality of nonpublic personal information and the security of the licensee's information system.

b. Protect against threats or hazards to the security or integrity of nonpublic personal information and the licensee's information system.

c. Protect against unauthorized access to or the use of nonpublic personal information and minimize the likelihood of harm to any customer.

3. Define and periodically reevaluate the retention schedule and the mechanism for the destruction of nonpublic personal information if retention is no longer necessary for the licensee's business operations or is no longer required by applicable law.

4. Regularly test and monitor systems and procedures for the detection of actual and attempted attacks on, or intrusions into, the licensee's information system.

5. Be monitored, evaluated, and adjusted, as necessary, to meet all of the following requirements:

a. Determine whether the licensee's information security program is consistent with relevant changes in technology.

b. Confirm the licensee's information security program accounts for the sensitivity of nonpublic personal information.

c. Identify changes that may be necessary to the licensee's information system.

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d. Eliminate any internal or external threats to nonpublic personal information.

e. Amend the licensee's information security program for any of the licensee's changing business arrangements, including, but not limited to, mergers and acquisitions, alliances and joint ventures, and outsourcing arrangements.

(c)1. As part of a licensee's information security program, the licensee shall establish a written incident response plan designed to promptly respond to, and recover from, a cybersecurity event that compromises:

a. The confidentiality, integrity, or availability of nonpublic personal information in the licensee's possession;

b. The licensee's information system; or

c. The continuing functionality of any aspect of the licensee's operations.

2. The written incident response plan must address all of the following:

a. The licensee's internal process for responding to a cybersecurity event.

b. The goals of the licensee's incident response plan.

c. The assignment of clear roles, responsibilities, and levels of decisionmaking authority for the licensee's personnel that participate in the incident response plan.

d. External communications, internal communications, and information sharing related to a cybersecurity event.

e. The identification of remediation requirements for weaknesses identified in information systems and associated controls.

f. The documentation and reporting regarding cybersecurity

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events and related incident response activities.

g. The evaluation and revision of the incident response plan, as appropriate, following a cybersecurity event.

h. The process by which notice must be given as required under subsection (4) and s. 501.171(3) and (4).

(d)1. This section does not apply to a licensee that has fewer than:

a. Twenty individuals on its workforce, including employees and independent contractors; or

b. Five hundred customers during a calendar year.

2. A licensee that no longer qualifies for exemption under subparagraph 1. has 180 calendar days to comply with this section after the date of the disqualification.

(e) Each licensee shall maintain a copy of the information security program for a minimum of 5 years and shall make it available to the office upon request or as part of an examination.

(3) CYBERSECURITY EVENT INVESTIGATION.—

(a) If a licensee discovers that a cybersecurity event has occurred or that a cybersecurity event may have occurred, the licensee, or an outside vendor or third-party service provider that the licensee has designated to act on its behalf, shall conduct a prompt investigation of the cybersecurity event.

(b) During the investigation, the licensee, or the outside vendor or third-party service provider that the licensee has designated to act on its behalf, shall, at a minimum, determine as much of the following as possible:

1. Confirm that a cybersecurity event has occurred.

2. Identify the date that the cybersecurity event first

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occurred.

3. Assess the nature and scope of the cybersecurity event.

4. Identify all nonpublic personal information that may have been compromised by the cybersecurity event.

5. Perform or oversee reasonable measures to restore the security of any compromised information system in order to prevent further unauthorized acquisition, release, or use of nonpublic personal information that is in the licensee's, outside vendor's, or third-party service provider's possession, custody, or control.

(c) If a licensee learns that a cybersecurity event has occurred, or may have occurred, in an information system maintained by a third-party service provider of the licensee, the licensee shall complete an investigation in compliance with this section or confirm and document that the third-party service provider has completed an investigation in compliance with this section.

(d) A licensee shall maintain all records and documentation related to the licensee's investigation of a cybersecurity event for a minimum of 5 years after the date of the cybersecurity event and shall produce the records and documentation to the office upon request.

(4) NOTICE TO OFFICE OF SECURITY BREACH.—

(a) Each licensee shall provide notice to the office of any breach of security affecting 500 or more individuals in this state at a time and in the manner prescribed by commission rule.

(b) Each licensee shall, upon the office's request, provide a quarterly update of a cybersecurity event investigation under subsection (3) until conclusion of the investigation.

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(5) CONSTRUCTION.—This section may not be construed to relieve a covered entity from complying with s. 501.171. To the extent a licensee is a covered entity, as defined in s. 501.171(1), the licensee remains subject to s. 501.171.

(6) RULES.—The commission may adopt rules to administer this section, including rules that allow a licensee that is in full compliance with the Federal Trade Commission's Standards for Safeguarding Customer Information, 16 C.F.R. part 314, to be deemed in compliance with subsection (2).

Section 2. Paragraph (z) is added to subsection (1) of section 494.00255, Florida Statutes, to read:

494.00255 Administrative penalties and fines; license violations.—

(1) Each of the following acts constitutes a ground for which the disciplinary actions specified in subsection (2) may be taken against a person licensed or required to be licensed under part II or part III of this chapter:

(z) Failure to comply with the notification requirements in s. 501.171(3) and (4).

Section 3. Present subsections (28) through (36) of section 517.021, Florida Statutes, are redesignated as subsections (29) through (37), respectively, a new subsection (28) is added to that section, and subsection (20) of that section is amended, to read:

517.021 Definitions.—When used in this chapter, unless the context otherwise indicates, the following terms have the following respective meanings:

(20)(a) "Investment adviser" means a person, other than an associated person of an investment adviser or a federal covered

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adviser, that receives compensation, directly or indirectly, and engages for all or part of the person's time, directly or indirectly, or through publications or writings, in the business of advising others as to the value of securities or as to the advisability of investments in, purchasing of, or selling of securities.

(b) The term does not include any of the following:

1. A dealer or an associated person of a dealer whose performance of services in paragraph (a) is solely incidental to the conduct of the dealer's or associated person's business as a dealer and who does not receive special compensation for those services.

2. A licensed practicing attorney or certified public accountant whose performance of such services is solely incidental to the practice of the attorney's or accountant's profession.

3. A bank authorized to do business in this state.

4. A bank holding company as defined in the Bank Holding Company Act of 1956, as amended, authorized to do business in this state.

5. A trust company having trust powers, as defined in s. 658.12, which it is authorized to exercise in this state, which trust company renders or performs investment advisory services in a fiduciary capacity incidental to the exercise of its trust powers.

6. A person that renders investment advice exclusively to insurance or investment companies.

7. A person:

a. Without a place of business in this state if the person

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407 ~~has had that~~, during the preceding 12 months, ~~has~~ fewer than six  
 408 clients who are residents of this state.

409 b. With a place of business in this state if the person has  
 410 had, during the preceding 12 months, fewer than six clients who  
 411 are residents of this state and no clients who are not residents  
 412 of this state.

413

414 As used in this subparagraph, the term "client" has the same  
 415 meaning as provided in Securities and Exchange Commission Rule  
 416 222-2 275.222-2, 17 C.F.R. s. 275.222-2, as amended.

417 8. A federal covered adviser.

418 9. The United States, a state, or any political subdivision  
 419 of a state, or any agency, authority, or instrumentality of any  
 420 such entity; a business entity that is wholly owned directly or  
 421 indirectly by such a governmental entity; or any officer, agent,  
 422 or employee of any such governmental or business entity who is  
 423 acting within the scope of his or her official duties.

424 10. A family office as defined in Securities and Exchange  
 425 Commission Rule 202(a)(11)(G)-1(b) and (d) under the Investment  
 426 Advisers Act of 1940, 17 C.F.R. s. 275. 202(a)(11)(G)-1(b) and  
 427 (d), as amended, without giving regard to paragraph 1(a) or  
 428 paragraph 1(c) of that rule.

429 (28) "Place of business" of an investment adviser means an  
 430 office at which the investment adviser regularly provides  
 431 investment advisory services to, solicits, meets with, or  
 432 otherwise communicates with clients; and any other location that  
 433 is held out to the general public as a location at which the  
 434 investment adviser provides investment advisory services to,  
 435 solicits, meets with, or otherwise communicates with clients.

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436 Section 4. Section 559.952, Florida Statutes, is amended to  
 437 read:

438 559.952 Financial Technology Sandbox.—

439 (1) SHORT TITLE.—This section may be cited as the  
 440 "Financial Technology Sandbox."

441 (2) CREATION OF THE FINANCIAL TECHNOLOGY SANDBOX.—There is  
 442 created the Financial Technology Sandbox within the Office of  
 443 Financial Regulation to allow financial technology innovators to  
 444 test new products and services in a supervised, flexible  
 445 regulatory sandbox using ~~exceptions to specified general law and~~  
 446 waivers of specified provisions of general law and the  
 447 corresponding rule requirements under defined conditions. The  
 448 creation of a supervised, flexible regulatory sandbox provides a  
 449 welcoming business environment for technology innovators and may  
 450 lead to significant business growth.

451 (3) DEFINITIONS.—As used in this section, the term:

452 (a) "Business entity" means any corporation, limited  
 453 liability company, or trust that may or may not be fictitiously  
 454 named and that does business in this state ~~a domestic~~  
 455 ~~corporation or other organized domestic entity with a physical~~  
 456 ~~presence, other than that of a registered office or agent or~~  
 457 ~~virtual mailbox, in this state.~~

458 (b) "Commission" means the Financial Services Commission.

459 (c) "Consumer" means a person in this state, whether a  
 460 natural person or a business organization, who purchases, uses,  
 461 receives, or enters into an agreement to purchase, use, or  
 462 receive a an innovative financial product or service made  
 463 available through the Financial Technology Sandbox.

464 (d) "Control person" means an individual, a partnership, a

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corporation, a trust, or other organization that possesses the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or through other means. A person is presumed to control a company if, with respect to a particular company, that person:

1. Is a director, a general partner, or an officer exercising executive responsibility or having similar status or functions;

2. Directly or indirectly may vote 10 percent or more of a class of a voting security or sell or direct the sale of 10 percent or more of a class of voting securities; or

3. In the case of a partnership, may receive upon dissolution or has contributed 10 percent or more of the capital.

(e) "Corresponding rule requirements" means the commission rules, or portions thereof, which implement the general laws enumerated in paragraph (4)(a).

(f) "Financial product or service" means a product or service related to a consumer finance ~~loan, as defined in s. 516.01,~~ or credit, banking services, money transmission, or securities transactions ~~a money transmitter or payment instrument seller, as those terms are defined in s. 560.103,~~ including mediums of exchange that are in electronic or digital form, which is subject to the general laws enumerated in paragraph (4)(a) and corresponding rule requirements and which is under the jurisdiction of the office.

(g) "Financial Technology Sandbox" means the program created by this section which allows a licensee to make a an

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~~innovative~~ financial product or service available to consumers during a sandbox period through ~~waivers of exceptions to~~ general laws and ~~waivers of~~ corresponding rule requirements.

~~(h) "Innovative" means new or emerging technology, or new uses of existing technology, which provide a product, service, business model, or delivery mechanism to the public and which are not known to have a comparable offering in this state outside the Financial Technology Sandbox.~~

~~(h)(i)~~ "Licensee" means a business entity that has been approved by the office to participate in the Financial Technology Sandbox.

~~(i)(j)~~ "Office" means, unless the context clearly indicates otherwise, the Office of Financial Regulation.

~~(j)(k)~~ "Sandbox period" means the initial 24-month period in which the office has authorized a licensee to make a an ~~innovative~~ financial product or service available to consumers, and any extension granted pursuant to subsection (7).

(4) WAIVERS OF EXCEPTIONS TO GENERAL LAW AND CORRESPONDING ~~WAIVERS OF RULE REQUIREMENTS.~~

(a) Notwithstanding any other law, upon approval of a Financial Technology Sandbox application, the office may grant an applicant during a sandbox period a waiver of a requirement, or a portion thereof, imposed by a general law or rule in any following chapter, or part thereof, if all of the conditions in paragraph (b) are met ~~following provisions and corresponding rule requirements are not applicable to the licensee during the sandbox period:~~

1. Chapter 516, Consumer Finance.

2. Chapter 517, Securities Transactions.

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523 3. Chapter 520, Retail Installment Sales.  
 524 4. Chapter 537, Title Loans.  
 525 5. Part I or part II of chapter 560, General Provisions of  
 526 Money Services Businesses or Payment Instruments and Funds  
 527 Transmission.  
 528 6. Chapter 655, Financial Institutions Generally.  
 529 7. Chapter 657, Credit Unions.  
 530 8. Chapter 658, Banks and Trust Companies.  
 531 9. Chapter 660, Trust Business.  
 532 10. Chapter 662, Family Trust Companies.  
 533 11. Chapter 663, International Banking.  
 534 ~~1. Section 516.03(1), except for the application fee, the~~  
 535 ~~investigation fee, the requirement to provide the social~~  
 536 ~~security numbers of control persons, evidence of liquid assets~~  
 537 ~~of at least \$25,000 or documents satisfying the requirements of~~  
 538 ~~s. 516.05(10), and the office's authority to investigate the~~  
 539 ~~applicant's background. The office may prorate the license~~  
 540 ~~renewal fee for an extension granted under subsection (7).~~  
 541 ~~2. Section 516.05(1) and (2), except that the office shall~~  
 542 ~~investigate the applicant's background.~~  
 543 ~~3. Section 560.109, only to the extent that the section~~  
 544 ~~requires the office to examine a licensee at least once every 5~~  
 545 ~~years.~~  
 546 ~~4. Section 560.118(2).~~  
 547 ~~5. Section 560.125(1), only to the extent that the~~  
 548 ~~subsection would prohibit a licensee from engaging in the~~  
 549 ~~business of a money transmitter or payment instrument seller~~  
 550 ~~during the sandbox period.~~  
 551 ~~6. Section 560.125(2), only to the extent that the~~

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552 ~~subsection would prohibit a licensee from appointing an~~  
 553 ~~authorized vendor during the sandbox period. Any authorized~~  
 554 ~~vendor of such a licensee during the sandbox period remains~~  
 555 ~~liable to the holder or remitter.~~  
 556 ~~7. Section 560.128.~~  
 557 ~~8. Section 560.141, except for s. 560.141(1)(a)1., 3., 7.,~~  
 558 ~~10. and (b), (c), and (d).~~  
 559 ~~9. Section 560.142(1) and (2), except that the office may~~  
 560 ~~prorate, but may not entirely eliminate, the license renewal~~  
 561 ~~fees in s. 560.143 for an extension granted under subsection~~  
 562 ~~(7).~~  
 563 ~~10. Section 560.143(2), only to the extent necessary for~~  
 564 ~~proration of the renewal fee under subparagraph 9.~~  
 565 ~~11. Section 560.204(1), only to the extent that the~~  
 566 ~~subsection would prohibit a licensee from engaging in, or~~  
 567 ~~advertising that it engages in, the activity of a payment~~  
 568 ~~instrument seller or money transmitter during the sandbox~~  
 569 ~~period.~~  
 570 ~~12. Section 560.205(2).~~  
 571 ~~13. Section 560.208(2).~~  
 572 ~~14. Section 560.209, only to the extent that the office may~~  
 573 ~~modify, but may not entirely eliminate, the net worth, corporate~~  
 574 ~~surety bond, and collateral deposit amounts required under that~~  
 575 ~~section. The modified amounts must be in such lower amounts that~~  
 576 ~~the office determines to be commensurate with the factors under~~  
 577 ~~paragraph (5)(c) and the maximum number of consumers authorized~~  
 578 ~~to receive the financial product or service under this section.~~  
 579 (b) The office may grant an applicant during a sandbox  
 580 period a waiver of a requirement, or a portion thereof, imposed

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by a general law or rule in any chapter enumerated in paragraph (a) if all of the following conditions are met: ~~approve a Financial Technology Sandbox application if one or more of the general laws enumerated in paragraph (a) currently prevent the innovative financial product or service from being made available to consumers and if all other requirements of this section are met.~~

1. The general law or rule does not currently authorize the financial product or service to be made available to consumers.

2. The waiver is not broader than necessary to accomplish the purposes and standards specified in this section, as determined by the office.

3. Any provision relating to the liability of an incorporator, director, or officer of the applicant is not eligible for a waiver.

(c) A licensee may conduct business through electronic means, including through the Internet or a software application.

(5) FINANCIAL TECHNOLOGY SANDBOX APPLICATION; STANDARDS FOR APPROVAL.—

(a) Before filing an application for licensure under this section, a substantially affected person may seek a declaratory statement pursuant to s. 120.565 regarding the applicability of a statute, a rule, or an agency order to the petitioner's particular set of circumstances or a variance or waiver of a rule pursuant to s. 120.542.

(b) Before making a ~~an innovative~~ financial product or service available to consumers in the Financial Technology Sandbox, a business entity must file with the office an application for licensure under the Financial Technology

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Sandbox. The commission shall, by rule, prescribe the form and manner of the application and how the office will evaluate and apply each of the factors specified in paragraph (c).

1. The application must specify each general law enumerated in paragraph (4) (a) which currently prevents the ~~innovative~~ financial product or service from being made available to consumers and the reasons why those provisions of general law prevent the ~~innovative~~ financial product or service from being made available to consumers.

2. The application must contain sufficient information for the office to evaluate the factors specified in paragraph (c).

3. An application submitted on behalf of a business entity must include evidence that the business entity has authorized the person to submit the application on behalf of the business entity intending to make a ~~an innovative~~ financial product or service available to consumers.

4. The application must specify the maximum number of consumers, which may not exceed the number of consumers specified in paragraph (f), to whom the applicant proposes to provide the ~~innovative~~ financial product or service.

5. The application must include a proposed draft of the statement or statements meeting the requirements of paragraph (6) (b) which the applicant proposes to provide to consumers.

(c) The office shall approve or deny in writing a Financial Technology Sandbox application within 60 days after receiving the completed application. The office and the applicant may jointly agree to extend the time beyond 60 days. Consistent with this section, the office may impose conditions on any approval. In deciding whether to approve or deny an application for

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licensure, the office must consider each of the following:

1. The nature of the ~~innovative~~ financial product or service proposed to be made available to consumers in the Financial Technology Sandbox, including all relevant technical details.

~~2. The potential risk to consumers and the methods that will be used to protect consumers and resolve complaints during the sandbox period.~~

~~2.3-~~ The business plan proposed by the applicant, including company information, market analysis, and financial projections or pro forma financial statements, and evidence of the financial viability of the applicant.

~~4. Whether the applicant has the necessary personnel, adequate financial and technical expertise, and a sufficient plan to test, monitor, and assess the innovative financial product or service.~~

~~3.5-~~ Whether any control person of the applicant, regardless of adjudication, has pled no contest to, has been convicted or found guilty of, or is currently under investigation for fraud, a state or federal securities violation, a property-based offense, or a crime involving moral turpitude or dishonest dealing, in which case the application to the Financial Technology Sandbox must be denied.

~~4.6-~~ A copy of the disclosures that will be provided to consumers under paragraph (6) (b).

~~5.7-~~ The financial responsibility of the applicant and any control person, including whether the applicant or any control person has a history of unpaid liens, unpaid judgments, or other general history of nonpayment of legal debts, including, but not

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limited to, having been the subject of a petition for bankruptcy under the United States Bankruptcy Code within the past 7 calendar years.

~~6.8-~~ Any other factor that the office determines to be relevant.

(d) The office may not approve an application if:

1. The applicant had a prior Financial Technology Sandbox application that was approved and that related to a substantially similar financial product or service;

2. Any control person of the applicant was substantially involved in the development, operation, or management with another Financial Technology Sandbox applicant whose application was approved and whose application related to a substantially similar financial product or service; or

3. The applicant or any control person has failed to affirmatively demonstrate financial responsibility.

(e) Upon approval of an application, the office shall notify the licensee of the specific ~~that the licensee is exempt from the provisions of general law enumerated in paragraph (4) (a) and the corresponding rule requirements that are waived~~ during the sandbox period. The office shall post on its website notice of the approval of the application, a summary of the ~~innovative~~ financial product or service, and the contact information of the licensee.

(f) The office, on a case-by-case basis, may ~~shall~~ specify the maximum number of consumers authorized to receive a ~~an~~ ~~innovative~~ financial product or service, after consultation with the Financial Technology Sandbox applicant. ~~The office may not authorize more than 15,000 consumers to receive the financial~~

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~~product or service until the licensee has filed the first report required under subsection (8). After the filing of that report, if the licensee demonstrates adequate financial capitalization, risk management processes, and management oversight, the office may authorize up to 25,000 consumers to receive the financial product or service.~~

(g) A licensee has a continuing obligation to promptly inform the office of any material change to the information provided under paragraph (b).

(h) The following information provided to and held by the office in a Financial Technology Sandbox application under this subsection is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution:

1. The reasons why a general law enumerated in paragraph (4)(a) prevents the ~~innovative~~ financial product or service from being made available to consumers.

2. The information provided for evaluation of the factors specified in subparagraphs (c)1. and 2. ~~3.~~

~~3. The information provided for evaluation of whether the applicant has a sufficient plan to test, monitor, and assess the innovative financial product or service, under subparagraph (e)4.~~

However, the confidential and exempt information may be released to appropriate state and federal agencies for the purposes of investigation. Nothing in this paragraph shall be construed to prevent the office from disclosing a summary of the ~~innovative~~ financial product or service.

(6) OPERATION OF THE FINANCIAL TECHNOLOGY SANDBOX.—

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(a) A licensee may make a ~~an innovative~~ financial product or service available to consumers during the sandbox period.

(b)1. Before a consumer purchases, uses, receives, or enters into an agreement to purchase, use, or receive a ~~an innovative~~ financial product or service through the Financial Technology Sandbox, the licensee must provide a written statement of all of the following to the consumer:

a. The name and contact information of the licensee.

b. That the financial product or service has been authorized to be made available to consumers for a temporary period by the office, under the laws of this state.

c. That the state does not endorse the financial product or service.

d. That the financial product or service is undergoing testing, may not function as intended, and may entail financial risk.

e. That the licensee is not immune from civil liability for any losses or damages caused by the financial product or service.

f. The expected end date of the sandbox period.

g. The contact information for the office and notification that suspected legal violations, complaints, or other comments related to the financial product or service may be submitted to the office.

h. Any other statements or disclosures required by rule of the commission which are necessary to further the purposes of this section.

2. The written statement under subparagraph 1. must contain an acknowledgment from the consumer, which must be retained for

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the duration of the sandbox period by the licensee.

(c) The office may enter into an agreement with a state, federal, or foreign regulatory agency to allow licensees under the Financial Technology Sandbox to make their products or services available in other jurisdictions. The commission shall adopt rules to implement this paragraph.

(d) The office may examine the records of a licensee at any time, with or without prior notice.

(7) EXTENSION AND CONCLUSION OF SANDBOX PERIOD.—

(a) A licensee may apply for one extension of the initial 24-month sandbox period for 12 additional months for a purpose specified in subparagraph (b)1. or subparagraph (b)2. A complete application for an extension must be filed with the office at least 90 days before the conclusion of the initial sandbox period. The office shall approve or deny the application for extension in writing at least 35 days before the conclusion of the initial sandbox period. In determining whether to approve or deny an application for extension of the sandbox period, the office must, at a minimum, consider the current status of the factors previously considered under paragraph (5)(c).

(b) An application for an extension under paragraph (a) must cite one of the following reasons as the basis for the application and must provide all relevant supporting information:

1. Amendments to general law or rules are necessary to offer the ~~innovative~~ financial product or service in this state permanently.

2. An application for a license that is required in order to offer the ~~innovative~~ financial product or service in this

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state permanently has been filed with the office and approval is pending.

(c) At least 30 days before the conclusion of the initial 24-month sandbox period or the extension, whichever is later, a licensee shall provide written notification to consumers regarding the conclusion of the initial sandbox period or the extension and may not make the financial product or service available to any new consumers after the conclusion of the initial sandbox period or the extension, whichever is later, until legal authority outside of the Financial Technology Sandbox exists for the licensee to make the financial product or service available to consumers. After the conclusion of the sandbox period or the extension, whichever is later, the business entity formerly licensed under the Financial Technology Sandbox may:

1. Collect and receive money owed to the business entity or pay money owed by the business entity, based on agreements with consumers made before the conclusion of the sandbox period or the extension.

2. Take necessary legal action.

3. Take other actions authorized by commission rule which are not inconsistent with this section.

(8) REPORT.—A licensee shall submit a report to the office twice a year as prescribed by commission rule. The report must, at a minimum, include financial reports and the number of consumers who have received the financial product or service.

(9) CONSTRUCTION.—A business entity whose Financial Technology Sandbox application is approved under this section:

(a) Shall be deemed to possess an appropriate license under

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any general law requiring state licensure or authorization.

(b) Does not obtain a property right.

(c) Is not, nor is its financial product or service, endorsed by this state, nor is this state subject to liability for losses or damages caused by the financial product or service.

~~(a) Is licensed under chapter 516, chapter 560, or both chapters 516 and 560, as applicable to the business entity's activities.~~

~~(b) Is subject to any provision of chapter 516 or chapter 560 not specifically excepted under paragraph (4)(a), as applicable to the business entity's activities, and must comply with such provisions.~~

~~(c) May not engage in activities authorized under part III of chapter 560, notwithstanding s. 560.204(2).~~

(10) VIOLATIONS AND PENALTIES.—

(a) A licensee who makes a an innovative financial product or service available to consumers in the Financial Technology Sandbox remains subject to:

1. Civil damages for acts and omissions arising from or related to any ~~innovative~~ financial product or services provided or made available by the licensee or relating to this section.

2. All criminal and consumer protection laws and any other statute not specifically excepted under paragraph (4)(a).

(b)1. The office may, by order, revoke or suspend a licensee's approval to participate in the Financial Technology Sandbox if:

a. The licensee has violated or refused to comply with this section, any statute not specifically excepted under paragraph

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(4) (a), a rule of the commission that has not been waived, an order of the office, or a condition placed by the office on the approval of the licensee's Financial Technology Sandbox application;

b. A fact or condition exists that, if it had existed or become known at the time that the Financial Technology Sandbox application was pending, would have warranted denial of the application or the imposition of material conditions;

c. A material error, false statement, misrepresentation, or material omission was made in the Financial Technology Sandbox application; or

d. After consultation with the licensee, the office determines that continued testing of the ~~innovative~~ financial product or service would:

(I) Be likely to harm consumers; or

(II) No longer serve the purposes of this section because of the financial or operational failure of the financial product or service.

2. Written notice of a revocation or suspension order made under subparagraph 1. must be served using any means authorized by law. If the notice relates to a suspension, the notice must include any condition or remedial action that the licensee must complete before the office lifts the suspension.

(c) The office may refer any suspected violation of law to an appropriate state or federal agency for investigation, prosecution, civil penalties, and other appropriate enforcement action.

(d) If service of process on a licensee is not feasible, service on the office is deemed service on the licensee.

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871 (11) RULES AND ORDERS.—

872 (a) The commission shall adopt rules to administer this  
873 section before approving any application under this section.

874 (b) The office may issue all necessary orders to enforce  
875 this section and may enforce these orders in accordance with  
876 chapter 120 or in any court of competent jurisdiction. These  
877 orders include, but are not limited to, orders for payment of  
878 restitution for harm suffered by consumers as a result of a an  
879 ~~innovative~~ financial product or service.

880 Section 5. Subsections (1) and (2) of section 560.114,  
881 Florida Statutes, are amended to read:

882 560.114 Disciplinary actions; penalties.—

883 (1) The following actions by a money services business, an  
884 authorized vendor, or a affiliated party that was affiliated at  
885 the time of commission of the actions constitute grounds for the  
886 issuance of a cease and desist order; the issuance of a removal  
887 order; the denial, suspension, or revocation of a license; or  
888 taking any other action within the authority of the office  
889 pursuant to this chapter:

890 (a) Failure to comply with any provision of this chapter or  
891 related rule or order, or any written agreement entered into  
892 with the office.

893 (b) Fraud, misrepresentation, deceit, or gross negligence  
894 in any transaction by a money services business, regardless of  
895 reliance thereon by, or damage to, a customer.

896 (c) Fraudulent misrepresentation, circumvention, or  
897 concealment of any matter that must be stated or furnished to a  
898 customer pursuant to this chapter, regardless of reliance  
899 thereon by, or damage to, such customer.

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900 (d) False, deceptive, or misleading advertising.

901 (e) Failure to maintain, preserve, keep available for  
902 examination, and produce all books, accounts, files, or other  
903 documents required by this chapter or related rules or orders,  
904 by 31 C.F.R. ss. 1010.306, 1010.311, 1010.312, 1010.340,  
905 1010.410, 1010.415, 1022.210, 1022.320, 1022.380, and 1022.410,  
906 or by an agreement entered into with the office.

907 (f) Refusing to allow the examination or inspection of  
908 books, accounts, files, or other documents by the office  
909 pursuant to this chapter, or to comply with a subpoena issued by  
910 the office.

911 (g) Failure to pay a judgment recovered in any court by a  
912 claimant in an action arising out of a money transmission  
913 transaction within 30 days after the judgment becomes final.

914 (h) Engaging in an act prohibited under s. 560.111 or s.  
915 560.1115.

916 (i) Insolvency.

917 (j) Failure by a money services business to remove an  
918 affiliated party after the office has issued and served upon the  
919 money services business a final order setting forth a finding  
920 that the affiliated party has violated a provision of this  
921 chapter.

922 (k) Making a material misstatement, misrepresentation, or  
923 omission in an application for licensure, any amendment to such  
924 application, or application for the appointment of an authorized  
925 vendor.

926 (l) Committing any act that results in a license or its  
927 equivalent, to practice any profession or occupation being  
928 denied, suspended, revoked, or otherwise acted against by a

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929 licensing authority in any jurisdiction.

930 (m) Being the subject of final agency action or its  
931 equivalent, issued by an appropriate regulator, for engaging in  
932 unlicensed activity as a money services business or deferred  
933 presentment provider in any jurisdiction.

934 (n) Committing any act resulting in a license or its  
935 equivalent to practice any profession or occupation being  
936 denied, suspended, revoked, or otherwise acted against by a  
937 licensing authority in any jurisdiction for a violation of 18  
938 U.S.C. s. 1956, 18 U.S.C. s. 1957, 18 U.S.C. s. 1960, 31 U.S.C.  
939 s. 5324, or any other law or rule of another state or of the  
940 United States relating to a money services business, deferred  
941 presentment provider, or usury that may cause the denial,  
942 suspension, or revocation of a money services business or  
943 deferred presentment provider license or its equivalent in such  
944 jurisdiction.

945 (o) Having been convicted of, or entered a plea of guilty  
946 or nolo contendere to, any felony or crime punishable by  
947 imprisonment of 1 year or more under the law of any state or the  
948 United States which involves fraud, moral turpitude, or  
949 dishonest dealing, regardless of adjudication.

950 (p) Having been convicted of, or entered a plea of guilty  
951 or nolo contendere to, a crime under 18 U.S.C. s. 1956 or 31  
952 U.S.C. s. 5318, s. 5322, or s. 5324, regardless of adjudication.

953 (q) Having been convicted of, or entered a plea of guilty  
954 or nolo contendere to, misappropriation, conversion, or unlawful  
955 withholding of moneys belonging to others, regardless of  
956 adjudication.

957 (r) Having been convicted of, or entered a plea of guilty

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958 or nolo contendere to, a violation of 31 C.F.R. chapter X, part  
959 1022, regardless of adjudication.

960 (s)~~(s)~~ Failure to inform the office in writing within 30  
961 days after having pled guilty or nolo contendere to, or being  
962 convicted of, any felony or crime punishable by imprisonment of  
963 1 year or more under the law of any state or the United States,  
964 or any crime involving fraud, moral turpitude, or dishonest  
965 dealing.

966 (t)~~(t)~~ Aiding, assisting, procuring, advising, or abetting  
967 any person in violating a provision of this chapter or any order  
968 or rule of the office or commission.

969 (u)~~(t)~~ Failure to pay any fee, charge, or cost imposed or  
970 assessed under this chapter.

971 (v)~~(u)~~ Failing to pay a fine assessed by the office within  
972 30 days after the due date as stated in a final order.

973 (w)~~(v)~~ Failure to pay any judgment entered by any court  
974 within 30 days after the judgment becomes final.

975 (x)~~(w)~~ Engaging or advertising engagement in the business  
976 of a money services business or deferred presentment provider  
977 without a license, unless exempted from licensure.

978 (y)~~(x)~~ Payment to the office for a license or other fee,  
979 charge, cost, or fine with a check or electronic transmission of  
980 funds that is dishonored by the applicant's or licensee's  
981 financial institution.

982 (z)~~(y)~~ Violations of 31 C.F.R. ss. 1010.306, 1010.311,  
983 1010.312, 1010.340, 1010.410, 1010.415, 1022.210, 1022.320,  
984 1022.380, and 1022.410, and United States Treasury Interpretive  
985 Release 2004-1.

986 (aa)~~(z)~~ Any practice or conduct that creates the likelihood

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of a material loss, insolvency, or dissipation of assets of a money services business or otherwise materially prejudices the interests of its customers.

~~(bb)-(aa)~~ Failure of a check casher to maintain a federally insured depository account as required by s. 560.309.

~~(cc)-(bb)~~ Failure of a check casher to deposit into its own federally insured depository account any payment instrument cashed as required by s. 560.309.

~~(dd)-(ee)~~ Violating any provision of the Military Lending Act, 10 U.S.C. s. 987, or the regulations adopted under that act in 32 C.F.R. part 232, in connection with a deferred presentment transaction conducted under part IV of this chapter.

(ee) Failure to comply with the notification requirements in s. 501.171(3) and (4).

(2) Pursuant to s. 120.60(6), The office shall issue an emergency order suspending ~~may summarily suspend~~ the license of a money services business if the office finds that a licensee poses an immediate, serious danger to the public health, safety, and welfare. ~~A proceeding in which the office seeks the issuance of a final order for the summary suspension of a licensee shall be conducted by the commissioner of the office, or his or her designee, who shall issue such order.~~ The following acts are deemed by the Legislature to constitute an immediate and serious danger to the public health, safety, and welfare, and the office shall may immediately suspend the license of a money services business without making any further findings of immediate danger, necessity, and procedural fairness if:

(a) The money services business fails to provide to the office, upon written request, any of the records required by s.

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560.123, s. 560.1235, s. 560.211, or s. 560.310 or any rule adopted under those sections. The suspension may be rescinded if the licensee submits the requested records to the office.

(b) The money services business fails to maintain a federally insured depository account as required by s. 560.208(4) or s. 560.309.

(c) A natural person required to be listed on the license application for a money services business pursuant to s. 560.141(1)(a)3. is criminally charged with, or arrested for, a crime described in paragraph (1)(o), paragraph (1)(p), or paragraph(1)(q).

Section 6. Section 560.1311, Florida Statutes, is created to read:

560.1311 Information security programs; cybersecurity event investigations.—

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

(a) "Customer" means a person who seeks to obtain or who obtains or has obtained a financial product or service from a licensee.

(b) "Customer information" means any record containing nonpublic personal information about a customer of a financial transaction, whether on paper, electronic, or in other forms, which is handled or maintained by or on behalf of the licensee or its affiliates.

(c) "Cybersecurity event" means an event resulting in unauthorized access to, or disruption or misuse of, an information system, information stored on such information system, or customer information held in physical form.

(d) "Financial product or service" means any product or



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service offered by a licensee under this chapter.

(e) "Information security program" means the administrative, technical, or physical safeguards used to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.

(f) "Information system" means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of electronic information, as well as any specialized system such as an industrial process control system, telephone switching and private branch exchange system, or environmental control system, which contain customer information or which are connected to a system that contains customer information.

(g)1. "Nonpublic personal information" means:

a. Personally identifiable financial information; and

b. Any list, description, or other grouping of customers which is derived using any personally identifiable financial information that is not publicly available, such as account numbers, including any list of individuals' names and street addresses which is derived, in whole or in part, using personally identifiable financial information that is not publicly available.

2. The term does not include:

a. Publicly available information, except as included on a list, description, or other grouping of customers described in sub-subparagraph 1.b.;

b. Any list, description, or other grouping of consumers, or any publicly available information pertaining to such list, description, or other grouping of consumers, which is derived

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without using any personally identifiable financial information that is not publicly available; or

c. Any list of individuals' names and addresses which contains only publicly available information, is not derived, in whole or in part, using personally identifiable financial information that is not publicly available, and is not disclosed in a manner that indicates that any of the individuals on the list is a customer of a licensee.

3. As used in this paragraph, the term:

a.(I) "Personally identifiable financial information" means any information that:

(A) A customer provides to a licensee to obtain a financial product or service, such as information that a customer provides to a licensee on an application to obtain a loan or other financial product or service;

(B) A licensee receives about a consumer which is obtained during or as a result of any transaction involving a financial product or service between the licensee and the customer, such as information collected through an information-collecting device from a web server; or

(C) A licensee otherwise obtains about a customer in connection with providing a financial product or service to the customer, such as the fact that an individual is or has been one of the licensee's customers or has obtained a financial product or service from the licensee.

(II) The term "personally identifiable financial information" does not include:

(A) A list of names and addresses of customers of an entity that is not a financial institution; or

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(B) Information that does not identify a customer, such as blind data or aggregate information that does not contain personal identifiers such as account numbers, names, or addresses.

b.(I) "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from:

(A) Federal, state, or local government records, such as government real estate records or security interest filings;

(B) Widely distributed media, such as information from a telephone records repository or directory, a television or radio program, a newspaper, a social media platform, or a website that is available to the general public on an unrestricted basis. A website is not restricted merely because an Internet service provider or a site operator requires a fee or a password, so long as access is available to the general public; or

(C) Disclosures to the general public which are required to be made by federal, state, or local law.

(II) As used in this sub-subparagraph, the term "reasonable basis to believe is lawfully made available to the general public" relating to any information means that the person has taken steps to determine:

(A) That the information is of the type that is available to the general public, such as information included on the public record in the jurisdiction where the mortgage would be recorded; and

(B) Whether an individual can direct that the information not be made available to the general public and, if so, the customer to whom the information relates has not done so, such

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as when a telephone number is listed in a telephone directory and the customer has informed the licensee that the telephone number is not unlisted.

(h) "Third-party service provider" means a person, other than a licensee, which contracts with a licensee to maintain, process, or store nonpublic personal information, or is otherwise permitted access to nonpublic personal information through its provision of services to a licensee.

(2) INFORMATION SECURITY PROGRAM.—

(a) Each licensee shall develop, implement, and maintain a comprehensive written information security program that contains administrative, technical, and physical safeguards for the protection of the licensee's information system and nonpublic personal information.

(b) Each licensee shall ensure that the information security program meets all of the following criteria:

1. Be commensurate with the following measures:

a. Size and complexity of the licensee.

b. Nature and scope of the licensee's activities, including the licensee's use of third-party service providers.

c. Sensitivity of nonpublic personal information that is used by the licensee or that is in the licensee's possession, custody, or control.

2. Be designed to do all of the following:

a. Protect the security and confidentiality of nonpublic personal information and the security of the licensee's information system.

b. Protect against threats or hazards to the security or integrity of nonpublic personal information and the licensee's

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1161 information system.

1162 c. Protect against unauthorized access to or the use of  
 1163 nonpublic personal information and minimize the likelihood of  
 1164 harm to any customer.

1165 3. Define and periodically reevaluate the retention  
 1166 schedule and the mechanism for the destruction of nonpublic  
 1167 personal information if retention is no longer necessary for the  
 1168 licensee's business operations or is no longer required by  
 1169 applicable law.

1170 4. Regularly test and monitor systems and procedures for  
 1171 the detection of actual and attempted attacks on, or intrusions  
 1172 into, the licensee's information system.

1173 5. Be monitored, evaluated, and adjusted, as necessary, to  
 1174 meet all of the following requirements:

1175 a. Determine whether the licensee's information security  
 1176 program is consistent with relevant changes in technology.

1177 b. Confirm the licensee's information security program  
 1178 accounts for the sensitivity of nonpublic personal information.

1179 c. Identify changes that may be necessary to the licensee's  
 1180 information system.

1181 d. Eliminate any internal or external threats to nonpublic  
 1182 personal information.

1183 e. Amend the licensee's information security program for  
 1184 any of the licensee's changing business arrangements, including,  
 1185 but not limited to, mergers and acquisitions, alliances and  
 1186 joint ventures, and outsourcing arrangements.

1187 (c)1. As part of a licensee's information security program,  
 1188 the licensee shall establish a written incident response plan  
 1189 designed to promptly respond to, and recover from, a

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1190 cybersecurity event that compromises:

1191 a. The confidentiality, integrity, or availability of  
 1192 nonpublic personal information in the licensee's possession;

1193 b. The licensee's information system; or

1194 c. The continuing functionality of any aspect of the  
 1195 licensee's operations.

1196 2. The written incident response plan must address all of  
 1197 the following:

1198 a. The licensee's internal process for responding to a  
 1199 cybersecurity event.

1200 b. The goals of the licensee's incident response plan.

1201 c. The assignment of clear roles, responsibilities, and  
 1202 levels of decisionmaking authority for the licensee's personnel  
 1203 that participate in the incident response plan.

1204 d. External communications, internal communications, and  
 1205 information sharing related to a cybersecurity event.

1206 e. The identification of remediation requirements for  
 1207 weaknesses identified in information systems and associated  
 1208 controls.

1209 f. The documentation and reporting regarding cybersecurity  
 1210 events and related incident response activities.

1211 g. The evaluation and revision of the incident response  
 1212 plan, as appropriate, following a cybersecurity event.

1213 h. The process by which notice must be given as required  
 1214 under subsection (4) and s. 501.171(3) and (4).

1215 (d)1. This section does not apply to a licensee that has  
 1216 fewer than:

1217 a. Twenty individuals on its workforce, including employees  
 1218 and independent contractors; or

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- 1219 b. Five hundred customers during a calendar year.
- 1220 2. A licensee that no longer qualifies for exemption under
- 1221 subparagraph 1. has 180 calendar days to comply with this
- 1222 section after the date of the disqualification.
- 1223 (e) Each licensee shall maintain a copy of the information
- 1224 security program for a minimum of 5 years and shall make it
- 1225 available to the office upon request or as part of an
- 1226 examination.
- 1227 (3) CYBERSECURITY EVENT INVESTIGATION.—
- 1228 (a) If a licensee discovers that a cybersecurity event has
- 1229 occurred or that a cybersecurity event may have occurred, the
- 1230 licensee, or an outside vendor or third-party service provider
- 1231 that the licensee has designated to act on its behalf, shall
- 1232 conduct a prompt investigation of the cybersecurity event.
- 1233 (b) During the investigation, the licensee, or the outside
- 1234 vendor or third-party service provider that the licensee has
- 1235 designated to act on its behalf, shall, at a minimum, determine
- 1236 as much of the following as possible:
- 1237 1. Confirm that a cybersecurity event has occurred.
- 1238 2. Identify the date that the cybersecurity event first
- 1239 occurred.
- 1240 3. Assess the nature and scope of the cybersecurity event.
- 1241 4. Identify all nonpublic personal information that may
- 1242 have been compromised by the cybersecurity event.
- 1243 5. Perform or oversee reasonable measures to restore the
- 1244 security of any compromised information system in order to
- 1245 prevent further unauthorized acquisition, release, or use of
- 1246 nonpublic personal information that is in the licensee's,
- 1247 outside vendor's, or third-party service provider's possession,

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- 1248 custody, or control.
- 1249 (c) If a licensee learns that a cybersecurity event has
- 1250 occurred, or may have occurred, in an information system
- 1251 maintained by a third-party service provider of the licensee,
- 1252 the licensee shall complete an investigation in compliance with
- 1253 this section or confirm and document that the third-party
- 1254 service provider has completed an investigation in compliance
- 1255 with this section.
- 1256 (d) A licensee shall maintain all records and documentation
- 1257 related to the licensee's investigation of a cybersecurity event
- 1258 for a minimum of 5 years after the date of the cybersecurity
- 1259 event and shall produce the records and documentation to the
- 1260 office upon request.
- 1261 (4) NOTICE TO OFFICE OF SECURITY BREACH.—
- 1262 (a) Each licensee shall provide notice to the office of any
- 1263 breach of security affecting 500 or more individuals in this
- 1264 state at a time and in the manner prescribed by commission rule.
- 1265 (b) Each licensee shall, upon the office's request, provide
- 1266 a quarterly update of a cybersecurity event investigation under
- 1267 subsection (3) until conclusion of the investigation.
- 1268 (5) CONSTRUCTION.—This section may not be construed to
- 1269 relieve a covered entity from complying with s. 501.171. To the
- 1270 extent a licensee is a covered entity, as defined in s.
- 1271 501.171(1), the licensee remains subject to s. 501.171.
- 1272 (6) RULES.—The commission may adopt rules to administer
- 1273 this section, including rules that allow a licensee that is in
- 1274 full compliance with the Federal Trade Commission's Standards
- 1275 for Safeguarding Customer Information, 16 C.F.R. part 314, to be
- 1276 deemed in compliance with subsection (2).

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1277 Section 7. Section 655.0171, Florida Statutes, is created  
 1278 to read:  
 1279 655.0171 Requirements for customer data security and for  
 1280 notices of security breaches.—  
 1281 (1) DEFINITIONS.—As used in this section, the term:  
 1282 (a) "Breach of security" or "breach" means unauthorized  
 1283 access of data in electronic form containing personal  
 1284 information. Good faith access of personal information by an  
 1285 employee or agent of a financial institution does not constitute  
 1286 a breach of security, provided that the information is not used  
 1287 for a purpose unrelated to the business or subject to further  
 1288 unauthorized use. As used in this paragraph, the term "data in  
 1289 electronic form" means any data stored electronically or  
 1290 digitally on any computer system or other database and includes  
 1291 recordable tapes and other mass storage devices.  
 1292 (b) "Department" means the Department of Legal Affairs.  
 1293 (c)1. "Personal information" means:  
 1294 a. An individual's first name, or first initial, and last  
 1295 name, in combination with any of the following data elements for  
 1296 that individual:  
 1297 (I) A social security number;  
 1298 (II) A driver license or identification card number,  
 1299 passport number, military identification number, or other  
 1300 similar number issued on a government document used to verify  
 1301 identity;  
 1302 (III) A financial account number or credit or debit card  
 1303 number, in combination with any required security code, access  
 1304 code, or password that is necessary to permit access to the  
 1305 individual's financial account;

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1306 (IV) The individual's biometric data as defined in s.  
 1307 501.702; or  
 1308 (V) Any information regarding the individual's geolocation;  
 1309 or  
 1310 b. A username or e-mail address, in combination with a  
 1311 password or security question and answer that would permit  
 1312 access to an online account.  
 1313 2. The term does not include information about an  
 1314 individual which has been made publicly available by a federal,  
 1315 state, or local governmental entity. The term also does not  
 1316 include information that is encrypted, secured, or modified by  
 1317 any other method or technology that removes elements that  
 1318 personally identify an individual or that otherwise renders the  
 1319 information unusable.  
 1320 (2) REQUIREMENTS FOR DATA SECURITY.—Each financial  
 1321 institution shall take reasonable measures to protect and secure  
 1322 data that are in electronic form and that contain personal  
 1323 information.  
 1324 (3) NOTICE TO OFFICE AND DEPARTMENT OF SECURITY BREACH.—  
 1325 (a)1. Each financial institution shall provide notice to  
 1326 the office of any breach of security affecting 500 or more  
 1327 individuals in this state. Such notice must be provided to the  
 1328 office as expeditiously as practicable, but no later than 30  
 1329 days after the determination of the breach or the determination  
 1330 of a reason to believe that a breach has occurred.  
 1331 2. The written notice to the office must include the items  
 1332 required under s. 501.171(3)(b).  
 1333 3. A financial institution must provide the following  
 1334 information to the office upon its request:

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1335 a. A police report, incident report, or computer forensics  
 1336 report.  
 1337 b. A copy of the policies in place regarding breaches.  
 1338 c. Steps that have been taken to rectify the breach.  
 1339 4. A financial institution may provide the office with  
 1340 supplemental information regarding a breach at any time.  
 1341 (b) Each financial institution shall provide notice to the  
 1342 department of any breach of security affecting 500 or more  
 1343 individuals in this state. Such notice must be provided to the  
 1344 department in accordance with s. 501.171.  
 1345 (4) NOTICE TO INDIVIDUALS OF SECURITY BREACH.—Each  
 1346 financial institution shall give notice to each individual in  
 1347 this state whose personal information was, or the financial  
 1348 institution reasonably believes to have been, accessed as a  
 1349 result of the breach in accordance with s. 501.171(4). The  
 1350 notice must be provided no later than 30 days after the  
 1351 determination of the breach or the determination of a reason to  
 1352 believe that a breach has occurred. A financial institution may  
 1353 receive 15 additional days to provide notice to individuals of a  
 1354 security breach as required in this subsection if good cause for  
 1355 delay is provided in writing to the office within 30 days after  
 1356 determination of the breach or determination of the reason to  
 1357 believe that a breach has occurred.  
 1358 (5) NOTICE TO CREDIT REPORTING AGENCIES.—If a financial  
 1359 institution discovers circumstances requiring notice pursuant to  
 1360 this section of more than 1,000 individuals at a single time,  
 1361 the financial institution shall also notify, without  
 1362 unreasonable delay, all consumer reporting agencies that compile  
 1363 and maintain files on consumers on a nationwide basis, as

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1364 defined in the Fair Credit Reporting Act, 15 U.S.C. s. 1681a(p),  
 1365 of the timing, distribution, and content of the notices.  
 1366 Section 8. Paragraph (d) of subsection (1) of section  
 1367 655.045, Florida Statutes, is amended to read:  
 1368 655.045 Examinations, reports, and internal audits;  
 1369 penalty.—  
 1370 (1) The office shall conduct an examination of the  
 1371 condition of each state financial institution at least every 18  
 1372 months. The office may conduct more frequent examinations based  
 1373 upon the risk profile of the financial institution, prior  
 1374 examination results, or significant changes in the institution  
 1375 or its operations. The office may use continuous, phase, or  
 1376 other flexible scheduling examination methods for very large or  
 1377 complex state financial institutions and financial institutions  
 1378 owned or controlled by a multi-financial institution holding  
 1379 company. The office shall consider examination guidelines from  
 1380 federal regulatory agencies in order to facilitate, coordinate,  
 1381 and standardize examination processes.  
 1382 (d) As used in this section, the term "costs" means the  
 1383 salary and travel expenses directly attributable to the field  
 1384 staff examining the state financial institution, subsidiary, or  
 1385 service corporation, and the travel expenses of any supervisory  
 1386 staff required as a result of examination findings. The mailing  
 1387 of any costs incurred under this subsection must be postmarked  
 1388 within 45 ~~30~~ days after the date of receipt of a notice stating  
 1389 that such costs are due. The office may levy a late payment of  
 1390 up to \$100 per day or part thereof that a payment is overdue,  
 1391 unless excused for good cause. However, for intentional late  
 1392 payment of costs, the office may levy an administrative fine of

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up to \$1,000 per day for each day the payment is overdue.

Section 9. Subsection (2) of section 657.005, Florida Statutes, is amended to read:

657.005 Application for authority to organize a credit union; investigation.—

(2) Any five or more individuals, a majority of whom are residents of this state and all of whom ~~who~~ represent a limited field of membership, may apply to the office for permission to organize a credit union. The fact that individuals within the proposed limited field of membership have credit union services available to them through another limited field of membership shall not preclude the granting of a certificate of authorization to engage in the business of a credit union.

Section 10. Subsection (1) of section 657.024, Florida Statutes, is amended to read:

657.024 Membership meetings.—

(1) The members shall receive timely notice of the annual meeting and any special meetings of the members, which shall be held at the time, place, and in the manner provided in the bylaws. The annual meeting and any special meetings of the members may be held virtually and without a quorum, subject to the bylaws.

Section 11. Paragraph (b) of subsection (3) and present subsection (5) of section 657.042, Florida Statutes, are amended to read:

657.042 Investment powers and limitations.—A credit union may invest its funds subject to the following definitions, restrictions, and limitations:

(3) INVESTMENT SUBJECT TO LIMITATION OF TWO PERCENT OF

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CAPITAL OF THE CREDIT UNION.—

(b) Commercial paper and bonds of any corporation within the United States which have a fixed maturity, as provided in subsection (6) ~~(7)~~, except that the total investment in all such paper and bonds may not exceed 10 percent of the capital of the credit union.

~~(5) INVESTMENTS IN REAL ESTATE AND EQUIPMENT FOR THE CREDIT UNION.—~~

~~(a) Up to 5 percent of the capital of the credit union may be invested in real estate and improvements thereon, furniture, fixtures, and equipment utilized or to be utilized by the credit union for the transaction of business.~~

~~(b) The limitations provided by this subsection may be exceeded with the prior written approval of the office. The office shall grant such approval if it is satisfied that:~~

~~1. The proposed investment is necessary.~~

~~2. The amount thereof is commensurate with the size and needs of the credit union.~~

~~3. The investment will be beneficial to the members.~~

~~4. A reasonable plan is developed to reduce the investment to statutory limits.~~

Section 12. Paragraphs (b) and (c) of subsection (4) of section 658.21, Florida Statutes, are amended to read:

658.21 Approval of application; findings required.—The office shall approve the application if it finds that:

(4)

(b) At least two of the proposed directors who are not also proposed officers must have had within the 10 years before the date of the application at least 1 year of direct experience as

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an executive officer, regulator, or director of a financial institution as specified in the application within the 5 years before the date of the application. However, if the applicant demonstrates that at least one of the proposed directors has very substantial experience as an executive officer, director, or regulator of a financial institution more than 5 years before the date of the application, the office may modify the requirement and allow the applicant to have only one director who has direct financial institution experience within the last 5 years.

(c) The proposed president or chief executive officer must have had at least 1 year of direct experience as an executive officer, director, or regulator of a financial institution within the last 10 5 years. In making a decision, the office must also consider may waive this requirement after considering:

1. The adequacy of the overall experience and expertise of the proposed president or chief executive officer;

2. The likelihood of successful operation of the proposed state bank or trust company pursuant to subsection (1);

3. The adequacy of the proposed capitalization under subsection (2);

4. The proposed capital structure under subsection (3);

5. The experience of the other proposed officers and directors; and

6. Any other relevant data or information.

Section 13. Subsection (2) of section 658.33, Florida Statutes, is amended to read:

658.33 Directors, number, qualifications; officers.—

(2) Not less than a majority of the directors must, during

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their whole term of service, be citizens of the United States, and at least a majority of the directors must have resided in this state for at least 1 year preceding their election and must be residents therein during their continuance in office. In the case of a bank or trust company with total assets of less than \$150 million, at least one, and in the case of a bank or trust company with total assets of \$150 million or more, two of the directors who are not also officers of the bank or trust company must have had at least 1 year of direct experience as an executive officer, regulator, or director of a financial institution within the last 10 5 years.

Section 14. Subsection (4) of section 662.141, Florida Statutes, is amended to read:

662.141 Examination, investigations, and fees.—The office may conduct an examination or investigation of a licensed family trust company at any time it deems necessary to determine whether the licensed family trust company or licensed family trust company-affiliated party thereof has violated or is about to violate any provision of this chapter, any applicable provision of the financial institutions codes, or any rule adopted by the commission pursuant to this chapter or the codes. The office may conduct an examination or investigation of a family trust company or foreign licensed family trust company at any time it deems necessary to determine whether the family trust company or foreign licensed family trust company has engaged in any act prohibited under s. 662.131 or s. 662.134 and, if a family trust company or a foreign licensed family trust company has engaged in such act, to determine whether any applicable provision of the financial institutions codes has



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been violated.

(4) For each examination of the books and records of a family trust company, licensed family trust company, or foreign licensed family trust company as authorized under this chapter, the trust company shall pay a fee for the costs of the examination by the office. As used in this section, the term "costs" means the salary and travel expenses of field staff which are directly attributable to the examination of the trust company and the travel expenses of any supervisory and support staff required as a result of examination findings. The mailing of payment for costs incurred must be postmarked within 45 ~~30~~ days after the receipt of a notice stating that the costs are due. The office may levy a late payment of up to \$100 per day or part thereof that a payment is overdue unless waived for good cause. However, if the late payment of costs is intentional, the office may levy an administrative fine of up to \$1,000 per day for each day the payment is overdue.

Section 15. Subsection (21) of section 517.12, Florida Statutes, is amended to read:

517.12 Registration of dealers, associated persons, intermediaries, and investment advisers.—

(21) The registration requirements of this section do not apply to any general lines insurance agent or life insurance agent licensed under chapter 626, with regard to the sale of a security as defined in s. 517.021(34)(g) ~~s. 517.021(33)(g)~~, if the individual is directly authorized by the issuer to offer or sell the security on behalf of the issuer and the issuer is a federally chartered savings bank subject to regulation by the Federal Deposit Insurance Corporation. Actions under this

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subsection constitute activity under the insurance agent's license for purposes of ss. 626.611 and 626.621.

Section 16. This act shall take effect July 1, 2026.



## 2026 AGENCY LEGISLATIVE BILL ANALYSIS

### Florida Office of Financial Regulation

#### BILL INFORMATION

<b>BILL NUMBER:</b>	SB 540
<b>BILL TITLE:</b>	An act relating to the Office of Financial Regulation
<b>BILL SPONSOR:</b>	Senator Martin
<b>EFFECTIVE DATE:</b>	July 1, 2026

#### COMMITTEES OF REFERENCE

1) Banking and Insurance
2) Appropriations (AEG)
3) Rules
4)
5)

#### CURRENT COMMITTEE

Banking and Insurance, Commerce and Tourism. and Rules

#### SIMILAR BILLS

<b>BILL NUMBER:</b>	
<b>SPONSOR:</b>	

#### PREVIOUS LEGISLATION

<b>BILL NUMBER:</b>	
<b>SPONSOR:</b>	
<b>YEAR:</b>	
<b>LAST ACTION:</b>	

#### IDENTICAL BILLS

<b>BILL NUMBER:</b>	HB 381
<b>SPONSOR:</b>	Barnaby

**Is this bill part of an agency package?**

Yes

#### BILL ANALYSIS INFORMATION

<b>DATE OF ANALYSIS:</b>	December 29, 2025
<b>LEAD AGENCY ANALYST:</b>	Ash Mason, Director of Legislative Affairs (850) 410-9789
<b>ADDITIONAL ANALYST(S):</b>	
<b>LEGAL ANALYST:</b>	Anthony Cammarata, General Counsel (850) 410-9601
<b>FISCAL ANALYST:</b>	Buckley Vernon, Financial Administrator (850) 410-9673

#### **POLICY ANALYSIS**

##### **A. EXECUTIVE SUMMARY**

Entities regulated by the Office of Financial Regulation (OFR) possess large amounts of personally identifiable data. SB 540 bolsters the security of this data in 3 areas. It requires loan originators, mortgage brokers, and mortgage lenders; money service businesses; and financial institutions to develop, implement, and maintain comprehensive security programs for the protection of their information systems and the nonpublic personal information they hold. It requires reporting of breaches of the information to the OFR and provides for disciplinary action to be taken against licensees who violate the provisions. It additionally amends the requirements for OFR to issue an emergency suspension to money service businesses, the definition of investment advisors, amends provisions related to the Financial Services Sandbox to allow greater participation and makes changes to the requirements for the operation of credit unions.

## **SUBSTANTIVE BILL ANALYSIS**

### **PRESENT SITUATION:**

Section 501.171, F.S. provides regulations for the protection and breach of Floridian's personal information held by entities who acquire, maintain, store, or use it. It provides civil penalties for violations of the regulations. It does not apply to the personal information of residents of other states. It does not apply to financial institutions. Entities licensed by OFR are not required to notify OFR if there is a breach of personal information they hold. OFR lacks specific authority to discipline licensed entities for a security breach of this information.

### **EFFECT OF THE BILL:**

SB 540 creates new section 494.00123, F.S. which requires and governs information security programs for loan originators, mortgage brokers, and mortgage lenders. It requires licensees to have a security program to protect against threats to the security of personal information and unauthorized access to the information. It provides definitions for terms related to security programs. Licensees with fewer than 20 individuals in its workforce or less than five hundred customers during a calendar year are exempt from these provisions.

Section 494.00123, F.S. requires that licensees define and periodically reevaluate the retention schedule of non public personal information and destruction methods. Security systems must also be amended to conform with changing business practices and technology.

The bill requires licensees to have a written incident response plan to respond to security breaches. It requires that the specific security program requirements be commensurate with the size and complexity of the licensee, nature and scope of their activities including the use of third-party service providers, and the sensitivity of the of information held. The plan must be designed to allow the business to promptly respond to and recover from an event. The plan must address goals, assignment of roles, communications, information sharing, post event response, and provision of notice. It requires licensees to perform a prompt investigation of a cybersecurity event. If an event occurs in a third-party service provider of the licensee, the licensee or third-party provider is required to complete an investigation. Records regarding the investigation must be retained for 5 years.

Section 494.00123(4)(a), F.S. requires a licensee to provide notice and updates to the Office of any breach of security affecting 500 or more individuals in this state at a particular time. "Breach of security" is not defined in this section nor in the new provisions of s. 560, F.S. Once in effect, current statutory provisions allow for disciplinary action related to the new requirements.

The bill allows the Financial Services Commission to adopt rules to administer this section, including allowing a licensee that is in full compliance with the Federal Trade Commission's Standards for Safeguarding Customer Information to be deemed in compliance with the information security program requirements in this new section.

Section 501.171, F.S. governing Securities Transactions is amended to include that the following are not investment advisors: a person without a place of business in Florida, if they have had fewer than six clients who are residents of this state and persons with a place of business in Florida if the person has had fewer than six clients who are residents of Florida and no clients who are not residents of Florida and a family office as defined in SEC rule. Place of business is defined.

The bill amends section 559.952 F.S. governing the Financial Technology Sandbox. The definition of business entity which may apply to utilize the sandbox provisions is amended to remove the requirement that the business be domestic. It removes the condition that the product be "innovative." It also expands the types of businesses that are

eligible to participate in the sandbox to add credit, banking, money transmission and security transactions. It enumerates the chapters that the OFR may grant waivers from, removing previously specified statutory provisions that could not be waived. It adds a provision that the liability of an incorporator, director, or officer of the applicant can't be waived.

SB 540 removes the requirement that OFR specifically consider risk to consumers and methods to protect them, market analysis and financial projections and evidence of the applicant's financial viability, personnel and technical expertise, and assessment of the product or service. It also removes the requirement that no more than 15,000 consumers may receive the product before a first report is filed, and 25,000 consumer limit after filing the report.

The bill adds that approval of a sandbox license deems the licensee to possess the appropriate license under any general law, does not confer a property right, and that the product is not endorsed by the state and provides that the state is not liable for losses or damages caused by the product or service. It adds that OFR may take disciplinary action for violations of 31 U.S.C. s. 5318 and 5322 and 31 C.F.R. chapter X, and the notification requirements in section 501.171(3) and (4).

The act requires OFR to issue an emergency order suspending the license of a money service business when OFR finds that a licensee poses an immediate, serious danger to the public health, safety, and welfare. It adds that no further findings of immediate danger, necessity, and procedural fairness are required before ordering the suspension in enumerated situations.

The bill amends Chapter 560 governing money service businesses by adding s. 560.1311, F.S. which governs information security programs and cybersecurity event investigations. This new section provides definitions and prescribes regulations for Information Security Programs, Cybersecurity Investigation, Notice to Office of Security Breach, and Construction that are identical to those provided for in section 494.00123 described above.

The bill amends Chapter 655 governing Financial Institutions by adding s. 655.0171, F.S. governing requirements for customer data security and for notices of security breaches. New section 655.0171, F.S. defines Personal Information as "An individual's first name, or first initial, and last name, in combination with any of the following data elements for that individual: a social security number, a driver license or identification card number, passport number, military identification number, or other similar number issued on a government document used to verify identity, and a financial account number or credit or debit card number, in combination with any required security code, access code, or password that is necessary to permit access to the individual's financial account, the individual's biometric data as defined in s. 501.702 or any information regarding the individual's geolocation or a username or e-mail address in combination with a password or security question and answer that would permit access to an online account." New s. 560.1311, F.S. does not define "personal information", but defines "nonpublic personal information" as "personally identifiable financial information;" and any list, description, or other grouping of customers which is derived using any personally identifiable financial information that is not publicly available, such as account numbers, including any list of individuals' names and street numbers addresses which is derived, in whole or in part, using personally identifiable financial information that is not publicly available."

The bill requires each financial institution to take reasonable measures to protect and secure data that are in electronic form and that contain personal information. A financial institution is required to provide notice to OFR of any breach of more than 500 individuals in this state. The notice must be provided expeditiously and no more than 30 days after determination of breach or reason to believe a breach has occurred. It appears that the language in lines 1325 and 1341 related to section. 655.0171 contain the same language. The bill also requires notice to individuals within 30 days of the breach or reason to believe a breach has occurred. A financial institution is also required to provide notice of the timing, distribution, and content to credit reporting agencies if notice is required to be sent to more than 1,000 persons at a single time.

Section 655.045, F.S. is amended to extend the time for payments for staff examination costs from 30 to 45 days.

Section 657.005, F.S. is amended to require that a majority of the five individuals who apply for authority to organize a credit union be a resident of this state rather than all of them. It also allows the annual meeting and any special meetings to be held virtually and without a quorum subject to the bylaws. The bill eliminates restrictions for the amount of capital the credit union may invest in real estate. The bill amends section 658.21, F.S. to require the experience of directors to have been within the last ten years instead of current five. It deletes the ability for one director to qualify instead of two if one has very substantial experience. It requires a proposed president or chief executive officer to have experience as an executive officer, director, or regulator of a financial institution within the last ten years while the current requirement is for the experience to within the last five years and can be waived.

**1. DOES THE LEGISLATION DIRECT OR ALLOW THE AGENCY/BOARD/COMMISSION/DEPARTMENT TO DEVELOP, ADOPT, OR ELIMINATE RULES, REGULATIONS, POLICIES, OR PROCEDURES? Y ☒ N ☐**

If yes, explain:	The bill authorizes the Commission to adopt rules to administer new section 494.00123.
Is the change consistent with the agency's core mission?	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Rule(s) impacted (provide references to F.A.C., etc.):	None

**2. WHAT IS THE POSITION OF AFFECTED CITIZENS OR STAKEHOLDER GROUPS?**

Proponents and summary of position:	unknown
Opponents and summary of position:	unknown

**3. ARE THERE ANY REPORTS OR STUDIES REQUIRED BY THIS BILL?**Y ☐ N ☒

If yes, provide a description:	
Date Due:	
Bill Section Number(s):	

**4. ARE THERE ANY NEW GUBERNATORIAL APPOINTMENTS OR CHANGES TO EXISTING BOARDS, TASK FORCES, COUNCILS, COMMISSIONS, ETC. REQUIRED BY THIS BILL? Y ☐ N ☒**

Board:	
Board Purpose:	
Who Appoints:	
Changes:	
Bill Section Number(s):	

## FISCAL ANALYSIS

**1. FISCAL IMPACT TO LOCAL GOVERNMENT**Y ☐ N ☒

Revenues:	
Expenditures:	
Does the legislation increase local taxes or fees? If yes, explain.	

If yes, does the legislation provide for a local referendum or local governing body public vote prior to implementation of the tax or fee increase?	
---	--

**2. FISCAL IMPACT TO STATE GOVERNMENT**Y ☐ N ☒

Revenues:	
Expenditures:	
Does the legislation contain a State Government appropriation?	
If yes, was this appropriated last year?	

**3. FISCAL IMPACT TO THE PRIVATE SECTOR**Y ☐ N ☒

Revenues:	
Expenditures:	
Other:	

**4. DOES THE BILL INCREASE OR DECREASE TAXES, FEES, OR FINES?**Y ☐ N ☒

If yes, explain impact.		
Bill Section Number:		

**TECHNOLOGY IMPACT****1. DOES THE BILL IMPACT THE AGENCY'S TECHNOLOGY SYSTEMS (I.E. IT SUPPORT, LICENSING SOFTWARE, DATA STORAGE, ETC.)?**Y ☐ N ☒

If yes, describe the anticipated impact to the agency including any fiscal impact.		
--	--	--

**FEDERAL IMPACT****1. DOES THE BILL HAVE A FEDERAL IMPACT (I.E. FEDERAL COMPLIANCE, FEDERAL FUNDING, FEDERAL AGENCY INVOLVEMENT, ETC.)?**Y ☐ N ☒

If yes, describe the anticipated impact including any fiscal impact.	
--	--

**ADDITIONAL COMMENTS**

**LEGAL - GENERAL COUNSEL’S OFFICE REVIEW**

Issues/concerns/comments:	OGC has reviewed the agency’s bill analysis, and it sufficiently details the possible effects of the bill and the areas of impact.
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The Florida Senate

**APPEARANCE RECORD**

Deliver both copies of this form to  
Senate professional staff conducting the meeting

Bill Number or Topic

Amendment Barcode (if applicable)

Meeting Date

Committee

Name

Phone

Address

Email

Street

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☐ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐ I am appearing without  
compensation or sponsorship.

☒ I am a registered lobbyist,  
representing:

*Office of Financial Regulation*

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)



The Florida Senate  
**APPEARANCE RECORD**

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1-13-26

Meeting Date

SB 540

Bill Number or Topic

BAI

Committee

Amendment Barcode (if applicable)

Name

Ash Mason

Phone

(850) 410-9785

Address

200 E Gaines St

Email

Street

Tallahassee

FL

City

State

Zip

Speaking:

☐

For

☐

Against

☐

Information

**OR**

Waive Speaking:

☒

In Support

☐

Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐

I am appearing without  
compensation or sponsorship.

☒

I am a registered lobbyist,  
representing:

Office of Financial Regulation

☐

I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](https://www.flsenate.gov/2020-2022-Joint-Rules.pdf)

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S-001 (08/10/2021)

The Florida Senate

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Senate professional staff conducting the meeting

Jan 13, 2026

Meeting Date

Banking & Insurance

Committee

SB 540

Bill Number or Topic

Amendment Barcode (if applicable)

Name Christopher Hodge

Phone 850-375-2532

Address 1709 Hermitage BLVD Ste 200

Email Christopher.Hodge@TheLegacyGroup.com

Street

Tallahassee

City

FL

State

32308

Zip

Speaking: ☐ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☒ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐ I am appearing without  
compensation or sponsorship.

☒ I am a registered lobbyist,  
representing:

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

Florida Credit Union Association

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Senate professional staff conducting the meeting

540

Bill Number or Topic

686220

Amendment Barcode (if applicable)

Meeting Date

1/13/26

Committee

Banking & Ins

Name

Scott Jenkins

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850-583-2400

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Tallahassee FL 32312

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☒ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐

I am appearing without  
compensation or sponsorship.



I am a registered lobbyist,  
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I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
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American Financial Svcs Association

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

## The Florida Senate COMMITTEE VOTE RECORD

**Final Action:** Favorable with Committee Substitute

[illegible]

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

## The Florida Senate COMMITTEE VOTE RECORD

**Final Action:** Favorable with Committee Substitute

	1/13/2026	4						
	Substitute Amendment 151196							
	Martin							
SENATORS	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay
Boyd								
Burton								
Hooper								
Martin								
Osgood								
Passidomo								
Pizzo								
Truenow								
Sharief, VICE CHAIR								
Gruters, CHAIR								
TOTALS	RCS	-						
	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: SB 632

INTRODUCER: Senator DiCeglie

SUBJECT: Transportation Network Company, Driver, and Vehicle Owner Insurance

DATE: January 12, 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Knudson	Knudson	BI	<b>Pre-meeting</b>
2.			TR	
3.			RC	

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## **I. Summary:**

SB 632 reduces transportation network company (TNC) and TNC driver insurance requirements during the period when a TNC driver has accepted a prearranged ride but a rider does not occupy the TNC vehicle. The insurance requirements are reduced from at least \$1 million in primary automobile liability coverage for death, bodily injury, and property damage to primary automobile liability coverage with limits of at least \$50,000 for death and bodily injury per person subject to a limit of at least \$100,000 per incident and limits of at least \$25,000 for property damage.

The bill also requires the transportation network company to meet the statutory TNC insurance requirement unless the driver maintains a policy that does not exclude coverage that would meet the statutory TNC insurance requirements. Many private passenger automobile insurance policies have a livery exclusion which excludes coverage when the covered automobile is used to transport people or property for a fee.

The bill's effective date is July 1, 2026.

## **II. Present Situation:**

### **Transportation Network Companies (TNCs)**

Transportation network companies (TNCs) are businesses that use a digital network to connect riders with drivers who provide prearranged rides.<sup>1</sup> Examples of TNCs include Uber and Lyft. Chapter 627.748, F.S., governs the operation of TNCs, including their insurance coverage requirements.

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<sup>1</sup> Section 627.748(1)(e), F.S.

A “TNC vehicle” is defined as a vehicle that is used by a TNC driver to offer or provide a prearranged ride and is owned, leased, or otherwise authorized to be used by the TNC driver. A vehicle that is let or rented to another for consideration may be used as a TNC vehicle. A taxicab or jitney is not a TNC vehicle.<sup>2</sup>

Statute also defines the term “prearranged ride” as the provision of transportation by a TNC driver to a rider, beginning when a TNC driver accepts a ride requested by a rider through a digital network<sup>3</sup> controlled by a TNC, continuing while the TNC driver transports the requesting rider, and ending when the last requesting rider departs from the TNC vehicle. The term does not include a taxicab, for-hire vehicle, or street hail<sup>4</sup> service and does not include ridesharing,<sup>5</sup> carpool,<sup>6</sup> or any other type of service in which the driver receives a fee that does not exceed the driver's cost to provide the ride.<sup>7</sup>

### ***TNC Coverage Requirements***

Current law requires a TNC driver, or a TNC on behalf of the TNC driver, to maintain auto insurance that recognizes the TNC driver as a TNC driver or an individual who uses the vehicle to transport riders for compensation and covers the TNC driver while the TNC driver is logged on to the digital network or engaged in a prearranged ride.<sup>8</sup> Different insurance requirements apply for these two scenarios. The required coverage is significantly higher for TNC drivers engaged in a prearranged ride.

The following coverage requirements apply while a TNC driver is logged on to the digital network but not engaged in a prearranged ride:<sup>9</sup>

- Primary automobile liability coverage of at least \$50,000 for death and bodily injury per person, \$100,000 for death and bodily injury per incident, and \$25,000 for property damage.
- Personal injury protection benefits that meet the minimum coverage amounts required under sections 627.730-627.7405, F.S.<sup>10</sup>

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<sup>2</sup> Section 627.748(1)(h), F.S.

<sup>3</sup> “Digital network” is defined as any online-enabled technology application service, website, or system offered or used by a TNC which enables the prearrangement of riders with TNC drivers. Section 627.748(1)(a), F.S.

<sup>4</sup> “Street hail” is defined as an immediate arrangement on a street with a driver by a person using any method other than a digital network to seek immediate transportation. Section 627.748(1)(d), F.S.

<sup>5</sup> Section 341.031(9)(a), F.S., defines “ridesharing” as an arrangement between persons with a common destination, or destinations, within the same proximity, to share the use of a motor vehicle on a recurring basis for round-trip transportation to and from their place of employment or other common destination. For purposes of ridesharing, employment shall be deemed to commence when an employee arrives at the employer's place of employment to report for work and shall be deemed to terminate when the employee leaves the employer's place of employment, excluding areas not under the control of the employer. However, an employee shall be deemed to be within the course of employment when the employee is engaged in the performance of duties assigned or directed by the employer, or acting in the furtherance of the business of the employer, irrespective of location.

<sup>6</sup> Section 450.28(3), F.S., defines “carpool” as an arrangement made by the workers using one worker's own vehicle for transportation to and from work and for which the driver or owner of the vehicle is not paid by any third person other than the members of the carpool.

<sup>7</sup> Section 627.748(1)(b), F.S.

<sup>8</sup> Section 627.748(7)(a), F.S.

<sup>9</sup> Section 627.748(7)(b), F.S.

<sup>10</sup> Sections 627.730-627.7405, F.S., are the “Florida Motor Vehicle No-Fault Law.” The law requires Florida motor vehicle owners to maintain Personal Injury Protection (PIP) insurance coverage.

- Uninsured and underinsured vehicle coverage as required by section 627.727, F.S.<sup>11</sup>

Current law applies the following coverage requirements while a TNC driver is engaged in a prearranged ride, both when connected to a rider but the rider is not yet in the vehicle and when the rider is in the vehicle:<sup>12</sup>

- A primary automobile liability coverage of at least \$1 million for death, bodily injury, and property damage.
- Personal injury protection meeting the minimum coverage amounts required for a limousine under 627.730-627.7405, F.S.
- Uninsured and underinsured vehicle coverage as required by section 627.727, F.S.

### **III. Effect of Proposed Changes:**

**Section 1** amends s. 627.748(7), F.S., to reduce transportation network company (TNC) and TNC driver insurance requirements during the period when a TNC driver has accepted a prearranged ride but a rider does not yet occupy the TNC vehicle. The insurance requirements are reduced from at least \$1 million in primary automobile liability coverage for death, bodily injury, and property damage to primary automobile liability coverage with limits of at least \$50,000 for death and bodily injury per person subject to a limit of at least \$100,000 per incident and limits of at least \$25,000 for property damage.

**Section 2** provides that the act takes effect July 1, 2026.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

#### **D. State Tax or Fee Increases:**

None.

#### **E. Other Constitutional Issues:**

None.

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<sup>11</sup> Section 627.727, F.S., provides uninsured and underinsured vehicle coverage requirements for all motor vehicle liability policies issued in Florida.

<sup>12</sup> Section 627.748(7)(c), F.S.



**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The reduction in the statutorily required minimum automobile liability insurance coverage limits imposed upon transportation network companies and TNC drivers for will reduce the costs incurred by TNCs and TNC drivers to procure such insurance, increase the likelihood that a TNC driver or TNC will be liable for extracontractual damages if negligently responsible for damages related to an automobile accident that occurs when the TNC driver is on-route to pick up a rider for a prearranged ride, and reduce the insurance proceeds that may be recovered by parties in other vehicles injured due to the negligence of a TNC or TNC driver that occurs when the TNC driver is on-route to pick up a rider for a prearranged ride.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 627.748

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

By Senator DiCeglie

18-00478-26

2026632

1 A bill to be entitled  
 2 An act relating to transportation network company,  
 3 driver, and vehicle owner insurance; amending s.  
 4 627.748, F.S.; revising automobile insurance  
 5 requirements for transportation network companies,  
 6 transportation network company drivers, and  
 7 transportation network company vehicle owners;  
 8 providing an effective date.  
 9  
 10 Be It Enacted by the Legislature of the State of Florida:  
 11  
 12 Section 1. Present paragraphs (c) through (i) of subsection  
 13 (7) of section 627.748, Florida Statutes, are redesignated as  
 14 paragraphs (d) through (j), respectively, a new paragraph (c) is  
 15 added to that subsection, and paragraph (a) and present  
 16 paragraphs (c), (d), and (h) of that subsection are amended, to  
 17 read:  
 18 627.748 Transportation network companies.—  
 19 (7) TRANSPORTATION NETWORK COMPANY AND TNC DRIVER INSURANCE  
 20 REQUIREMENTS.—  
 21 (a) Beginning July 1, 2026 ~~2017~~, a TNC driver or a TNC on  
 22 behalf of the TNC driver shall maintain primary automobile  
 23 insurance that:  
 24 1. Recognizes that the TNC driver is a TNC driver or  
 25 otherwise uses a vehicle to transport riders for compensation;  
 26 and  
 27 2. Covers the TNC driver while the TNC driver is logged on  
 28 to the digital network of the TNC or while the TNC driver is  
 29 engaged in a prearranged ride.

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

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30 (c) The following automobile insurance requirements apply  
 31 while a participating TNC driver has accepted a prearranged ride  
 32 but a rider does not occupy the TNC vehicle:  
 33 1. Automobile insurance that provides:  
 34 a. A primary automobile liability coverage of at least  
 35 \$50,000 for death and bodily injury per person, \$100,000 for  
 36 death and bodily injury per incident, and \$25,000 for property  
 37 damage;  
 38 b. Personal injury protection benefits that meet the  
 39 minimum coverage amounts required under ss. 627.730-627.7405;  
 40 and  
 41 c. Uninsured and underinsured vehicle coverage as required  
 42 by s. 627.727.  
 43 2. The coverage requirements of this paragraph may be  
 44 satisfied by any of the following:  
 45 a. Automobile insurance maintained by the TNC driver or the  
 46 TNC vehicle owner;  
 47 b. Automobile insurance maintained by the TNC; or  
 48 c. A combination of sub-subparagraphs a. and b.  
 49 (d) ~~e~~ The following automobile insurance requirements  
 50 apply while a TNC driver is engaged in a prearranged ride and a  
 51 rider occupies the TNC vehicle:  
 52 1. Automobile insurance that provides:  
 53 a. A primary automobile liability coverage of at least \$1  
 54 million for death, bodily injury, and property damage;  
 55 b. Personal injury protection benefits that meet the  
 56 minimum coverage amounts required of a limousine under ss.  
 57 627.730-627.7405; and  
 58 c. Uninsured and underinsured vehicle coverage as required

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

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by s. 627.727.

2. The coverage requirements of this paragraph may be satisfied by any of the following:

a. Automobile insurance maintained by the TNC driver or the TNC vehicle owner;

b. Automobile insurance maintained by the TNC; or

c. A combination of sub-subparagraphs a. and b.

~~(e)-(d)~~ The TNC shall maintain the required coverage under paragraphs (b), (c), and (d) unless the driver maintains a policy that does not exclude, pursuant to subsection (8), the required coverage under paragraph (b), paragraph (c), or paragraph (d). If the insurance maintained by the TNC driver ~~TNC driver's insurance~~ under paragraph (b), ~~or~~ paragraph (c), or paragraph (d) lapses, has lapsed or does not provide the required coverage, the insurance maintained by the TNC must provide the coverage required under this subsection, beginning with the first dollar of a claim, and have the duty to defend such claim.

~~(i)-(h)~~ A TNC driver shall carry proof of coverage satisfying paragraphs (b), ~~and~~ (c), and (d) with him or her at all times during his or her use of a TNC vehicle in connection with a digital network. In the event of an accident, a TNC driver shall provide this insurance coverage information to any party directly involved in the accident or the party's designated representative, automobile insurers, and investigating police officers. Proof of financial responsibility may be presented through an electronic device, such as a digital phone application, under s. 316.646. Upon request, a TNC driver shall also disclose to any party directly involved in the

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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accident or the party's designated representative, automobile insurers, and investigating police officers whether he or she was logged on to a digital network or was engaged in a prearranged ride at the time of the accident.

Section 2. This act shall take effect July 1, 2026.

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: SB 642

INTRODUCER: Senator Burgess

SUBJECT: Foreign and Alien Bail Bond Insurers

DATE: January 14, 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	<b>Favorable</b>
2.			CJ	
3.			RC	

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**I. Summary:**

SB 642 requires foreign and alien bail bond insurers doing business in Florida authorized to transact surety business in Florida to report bail bond premiums and other related information to the Office of Insurance Regulation (OIR) in the same manner that is required currently of domestic bail bond insurers. SB 642 requires such foreign and alien bail bond insurers to:

- Report bail bond premiums to the OIR net of any amounts retained by licensed bail bond agents or appointed managing general agents.
- Establish direct written premiums for bail bonds which may not be less than 6.5 percent of the total consideration received by the agent for all bail bonds written by the agent.
- Apply the prescribed reporting requirements to bail bond premiums assumed by foreign, and alien insurers for purposes of filing financial statements with OIR.
- Maintain records of the total consideration paid by the foreign and alien insurers for bail bonds written by the insurer.
- Disclose the following information in the notes to the financial statements in the annual statements filed with OIR:
  - Gross premiums written in each state by the agents of the insurer;
  - Premium taxes incurred by the insurer in each state;
  - Total consideration withheld by agents and not reported as an expense by the insurer; and
  - The amount of bail bond premium included in the surety line of the insurer's annual statement as filed with the OIR.

## **II. Present Situation:**

### **Regulation of Bail Bond Agents**

Bail is a guarantee by a third party that a defendant in a criminal case will appear in court at all judicial proceedings.<sup>1</sup> Chapter 903, F.S., sets forth the requirements relating to bail and bail bonds. A bail bond agent posts a bond to secure the defendant's release<sup>2</sup> from custody; the defendant provides money or other collateral<sup>3</sup> to secure the bail bond; and forfeits the premium if the defendant fails to appear in court or comply with other conditions of the bond.<sup>4</sup> A bail bond is a type of surety bond.<sup>5</sup>

Chapter 648, F.S., governs the regulation of bail bond agents and the business of issuing bail bonds, with the chapter being enforced by the Department of Financial Services (DFS).<sup>6</sup> Generally, bail bond agents are appointed by insurers to execute bail bonds.<sup>7</sup> Licensed bail bond agents are required to charge a premium in exchange for granting the surety bond.<sup>8</sup>

Bail bond rates are subject to the requirements of part I of ch. 627, F.S. A bail bond agent may not execute a bail bond without charging a premium, and the premium rate may not exceed or be less than the premium rate as filed and approved by OIR.<sup>9</sup> Generally, the premium paid or retained by the bail bond agent is split between the bail bond agent, the managing general agent, and the insurer. Bail bond agents retain a large portion of the premium because of the risk retained by the agent and because of the work performed in obtaining collateral and ensuring that the defendant appears in court.<sup>10</sup> If the defendant does not appear in court, the agent is responsible for paying the amount of the bond to the court.

### **Regulation of Bail Bond Insurance**

The Office of Insurance Regulation (OIR)<sup>11</sup> is responsible for the regulation of all activities of insurers and other risk-bearing entities, including licensure, rates,<sup>12</sup> policy forms, market conduct, claims, solvency, administrative supervision, as provided under the Florida Insurance Code (code).<sup>13</sup>

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<sup>1</sup> Section 903.046, F.S.

<sup>2</sup> Section 903.035, F.S.

<sup>3</sup> Section 648.442, F.S.

<sup>4</sup> Sections 903.26 and 903.27, F.S.

<sup>5</sup> Section 624.606, F.S.

<sup>6</sup> Section 648.30, F.S.

<sup>7</sup> A bail bond agent may either be a limited surety agent who is appointed by a surety insurance company to execute or countersign bail bonds, or a professional bail bond agent who pledges his or her own funds as security for a bail bond. Sections 648.30 and 648.40.

<sup>8</sup> Section 648.33(2), F.S.

<sup>9</sup> Section 648.33, F.S.

<sup>10</sup> Section 624.4094(1), F.S.

<sup>11</sup> The OIR is an office under the Financial Services Commission (commission), which is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. The commission is not subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters. Section 20.121(3), F.S.

<sup>12</sup> Pursuant to s. 627.062(1), F.S., rates may not be excessive, inadequate, or unfairly discriminatory.

<sup>13</sup> Section 20.121(3)(a)1., F.S.

For purposes of the code, a domestic insurer is an insurer formed under the laws of Florida.<sup>14</sup> A foreign insurer is one formed under the laws of any state, district, territory, or commonwealth of the United States other than Florida.<sup>15</sup> An alien insurer is an insurer other than a domestic or foreign insurer.<sup>16</sup>

An insurer must obtain a certificate of authority from the OIR to transact business in Florida.<sup>17</sup> As part of the licensure process, an insurer must meet minimum surplus and capital requirements<sup>18</sup> and other provisions of part III, ch. 624, F.S. Policy forms and rates are subject to approval by the OIR.<sup>19</sup>

### ***General Premium Writing Restrictions***

Section 624.4095, F.S., prohibits an insurer's ratio of actual or projected annual written premiums to current or projected surplus as to policyholders from exceeding 10 to 1 for gross written premiums or 4 to 1 for net written premiums. The term, "gross premiums written," means direct premiums written and reinsurance assumed.<sup>20</sup>

### ***Bail Bond Premiums***

Prior to 2000, Florida domestic bail bond insurers were required to report premiums on a gross basis, not net of premiums retained by an agent, while some foreign insurers, domiciled in certain states, were authorized by their state regulator to report premiums net of premiums retained by the bail bond agent, which resulted in a Florida domestic insurer reporting higher premiums than other insurers writing the same business, thereby limiting the premium writing capacity of a Florida domestic insurer and placing the domestic insurer at a competitive disadvantage with foreign insurers whose state of domicile allowed for a deduction for premiums.<sup>21</sup>

In 2000, legislation was enacted to address this concern.<sup>22</sup> Section. 624.4094, F.S., prescribes the method for calculating direct written premiums for domestic bail bond insurers for purposes of underwriting capacity and financial reporting as prescribed in s. 624.4095, F.S. "Direct written premium," must be reported net of any amounts retained by licensed bail bond agents, and the direct written premiums for domestic bail bond insurers may not be less than 6.5 percent of the total consideration received by the agent for all bail bonds written by the agent.<sup>23</sup>

### ***General Financial Reporting***

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<sup>14</sup> Section 624.06(1), F.S.

<sup>15</sup> Section 624.06(2), F.S.

<sup>16</sup> Section 624.06(3), F.S.

<sup>17</sup> Section 624.401, F.S.

<sup>18</sup> Section 624.404, F.S.

<sup>19</sup> Part I, ch. 627, F.S.

<sup>20</sup> Section 624.4095(3), F.S.

<sup>21</sup> South Carolina Department of Insurance, Bulletin 2010-11, Bail Bond Premiums Reporting (Oct. 12, 2010), <https://doi.sc.gov/DocumentCenter/View/2798/Bulletin-2010-11-Bail-Bond-Premium-Reporting> and TX Ins Code ss. 3503.203 and 3503.204.

<sup>22</sup> Ch. 2000-126, Laws of Fla.

<sup>23</sup> Section 624.4094(1), F.S.,

The OIR requires insurers to submit financial statements and audits to assist the OIR in monitoring the solvency of insurers. The way financial information is compiled and reported by an insurer is determined by the state in which the insurer is domiciled.<sup>24</sup> Therefore, foreign and alien insurers writing business in Florida compile financial reports in accordance with the law of their state or country of domicile.

An authorized insurer is required to file an annual statement with OIR on or before March 1 for the preceding calendar year.<sup>25</sup> The filing includes Florida specific information regarding direct premiums written by line of insurance written. Quarterly statements covering the periods ending March 31, June 30, and September 30 must be filed within 45 days after each date. In addition, each authorized insurer is required to submit an audit report on the financial statements on or before June 1 for the preceding year.<sup>26</sup>

The National Association of Insurance Commissioners' (NAIC) Statement of Statutory Accounting Principles (SSAP) No. 53 sets forth property and casualty insurers, including surety premium, reporting obligations. The current reporting requirements of section 624.4094, F.S., deviate from the accounting guidelines of SSAP No. 53. The guidelines provide that the definition of the term, "net written premiums" means the direct premiums, plus the reinsurance assumed premiums, less the reinsurance ceded premiums.<sup>27</sup> The term, "direct premiums," includes all premiums arising from policies issued by the insurer acting as the primary insurance carrier.<sup>28</sup> These premiums should be adjusted for any return or additional premiums arising from endorsements, cancellations, audits, and retrospective rating plans.<sup>29</sup> Unlike other types of insurers, domestic bail bond insurers file their required financial reports with the OIR, based on premiums collected net of any amounts retained by agents.<sup>30</sup>

### **Premium Taxes and Related Taxes**

Bail bond insurers are subject to insurance premium taxes and related excise taxes under ss. 624.509, 624.5091, and 624.5092, F.S.<sup>31</sup> Each insurer is required annually to pay the Department of Revenue a tax on insurance premiums in an amount equal to 1.75 percent of the direct written premiums for bail bonds, excluding any amounts retained by licensed bail bond agents, and received during the preceding calendar year, pursuant to s. 624.509(1)(c), F.S.

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<sup>24</sup> Sections 624.424 and 624.4241, F.S.

<sup>25</sup> Section 624.424, F.S.

<sup>26</sup> Section 624.424(8), F.S.

<sup>27</sup> National Association of Insurance Commissioners, Statutory Issue Paper No. 53, Property Casualty Contracts – Premiums (Mar. 16, 1998), Original SSAP and Current Authoritative Guidance: SSAP No. 53, <https://content.naic.org/sites/default/files/inline-files/053-O.pdf> (last visited Dec. 29, 2025). Net written premiums are shown in the Underwriting and Investment Exhibit of the annual statement.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> Section 624.4094(1), F.S.

<sup>31</sup> Section 624.4094(5), F.S.

### III. Effect of Proposed Changes:

**Section 1** amends s. 624.4094, F.S., to subject alien and foreign bail bond insurers doing business in Florida to the current reporting requirements applicable to domestic bail bond insurers. For purposes of financial reporting to the Office of Insurance Regulation (OIR), the bill requires alien and foreign bail bond insurers doing business in Florida to:

- Report direct written premiums for bail bonds net of any amounts retained by licensed bail bond agents or appointed managing general agents.
- Establish direct written premiums for bail bond insurance which may not be less than 6.5 percent of the total consideration received by the agent for all bail bonds written by the agent;
- Apply the same reporting requirements to premiums assumed by a foreign or alien insurer;
- Keep records of the total consideration paid for bail bonds written; and
- Disclose the following information in the notes to the financial statements in the insurer's annual statement filed with the OIR:
  - Gross bail bond premiums written in each state by the agents of the insurer;
  - Premium taxes incurred by the insurer in each state;
  - Total consideration withheld by agents and not reported as an expense by the insurer; and
  - The total amount of bail bond premium included in the surety line of the annual statement.

**Section 2** provides the act takes effect July 1, 2026.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

None.

#### D. State Tax or Fee Increases:

None.

#### E. Other Constitutional Issues:

None.

### V. Fiscal Impact Statement:

#### A. Tax/Fee Issues:

None.



**B. Private Sector Impact:**

Under current law, only domestic bail bond insurers transacting business in Florida are prohibited from having direct written premiums for bail bonds that are less than 6.5 percent of the total consideration received by the agent for all bail bond insurance written. The bill would apply this requirement and corresponding reporting requirements to foreign and alien bail bond insurers.

However, applying to foreign and alien bail bond insurers the domestic bail bond reporting requirements and the prohibition against having direct written premiums for bail bonds less than 6.5 percent of the total consideration retained by the agent may conflict with the statutory requirements applicable to foreign and alien insurers in their home states or states of domicile.<sup>32</sup>

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

According to the Office of Insurance Regulation, implementation of this bill may encroach on the jurisdiction of other state regulators and may constitute regulatory overreach, as it mandates that both foreign and domestic insurers disclose information that their home states may not require.<sup>33</sup>

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 624.4094 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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<sup>32</sup> Office of Insurance Regulation, 2026 Agency Legislative Bill Analysis of HB 271 (identical to SB 642) (Nov. 24, 2025).

<sup>33</sup> *Id.*

By Senator Burgess

23-01023-26

2026642\_\_

1 A bill to be entitled  
 2 An act relating to foreign and alien bail bond  
 3 insurers; amending s. 624.4094, F.S.; providing duties  
 4 of certain foreign and alien bail bond insurers  
 5 relating to reporting bail bond premiums to the Office  
 6 of Insurance Regulation, keeping records of  
 7 considerations paid for bail bonds written by the  
 8 insurers, and disclosing certain information in the  
 9 financial statements filed with the office; providing  
 10 an effective date.  
 11  
 12 Be It Enacted by the Legislature of the State of Florida:  
 13  
 14 Section 1. Section 624.4094, Florida Statutes, is amended  
 15 to read:  
 16 624.4094 Bail bond premiums.—  
 17 (1) The Legislature finds that a significant portion of  
 18 bail bond premiums is retained by the licensed bail bond agents  
 19 or appointed managing general agents. For purposes of reporting  
 20 in financial statements required to be filed with the office  
 21 pursuant to s. 624.424, direct written premiums for bail bonds  
 22 by a domestic, foreign, or alien insurer doing business in this  
 23 state ~~must shall~~ be reported net of any amounts retained by  
 24 licensed bail bond agents or appointed managing general agents.  
 25 However, in no case may shall the direct written premiums for  
 26 bail bonds be less than 6.5 percent of the total consideration  
 27 received by the agent for all bail bonds written by the agent.  
 28 This subsection also applies to any determination of compliance  
 29 with s. 624.4095.

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

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30 (2) Premiums assumed by a domestic, foreign, or alien  
 31 insurer ~~must shall~~ be reported consistent with subsections (1)  
 32 and (4) for purposes of filing financial statements with the  
 33 office.  
 34 (3) Each domestic, foreign, or alien bail bond insurer  
 35 shall keep complete and accurate records of the total  
 36 consideration paid for all bail bonds written by such insurer.  
 37 (4) Each domestic, foreign, or alien bail bond insurer  
 38 shall disclose the following information in the notes to the  
 39 financial statement in the insurer's annual statement filed with  
 40 the office.  
 41 (a) The gross bail bond premiums written in each state by  
 42 agents for the company.  
 43 (b) The amount of premium taxes incurred by the company in  
 44 each state.  
 45 (c) Total consideration withheld by agents and not reported  
 46 as an expense by the insurer in financial statements filed with  
 47 the office.  
 48 (d) The amount of bail bond premium included on the surety  
 49 line of the annual statement filed with the office.  
 50 Section 2. This act shall take effect July 1, 2026.

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



The Florida Senate

## Committee Agenda Request

**To:** Senator Joe Gruters, Chair  
Committee on Banking and Insurance

**Subject:** Committee Agenda Request

**Date:** December 30, 2025

---

I respectfully request that **Senate Bill # 642**, relating to Foreign and Alien Bail Bond Insurers, be placed on the:

- ☐ committee agenda at your earliest possible convenience.
- ☒ next committee agenda.

A handwritten signature in blue ink, appearing to read "Danny", is written over a horizontal line.

Senator Danny Burgess  
Florida Senate, District 23

CC: James Knudson, Staff Director  
CC: Amaura Canty, Committee Administrative Assistant

## The Florida Senate COMMITTEE VOTE RECORD

**Tab #: 5**  
**Sponsor:** Burgess  
**Subject:** Foreign and Alien Bail Bond Insurers

[illegible]

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: SB 832

INTRODUCER: Senator Avila

SUBJECT: Residential Property Insurance

DATE: January 14, 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Thomas	Knudson	BI	<b>Favorable</b>
2.			AEG	
3.			FP	

---

**I. Summary:**

SB 832 provides that, beginning on October 1, 2026, every rate filing for residential property coverage from a property insurer must include a rate transparency report. The report must be included with any offer of coverage and upon policy renewal. The report must include, among other information, the percentage breakdown of each cost factor making up the rate.

The bill requires the Office of Insurance Regulation (OIR) to establish a comprehensive resource center on its website to aid consumers in their understanding of insurance. The resource center must include substantive information on the current and historical dynamics of the market, available data concerning the financial condition and market conduct of insurance companies, information on the claims process, information on consumer protection, information on disaster preparedness, and information on the insurance coverage choices available to consumers.

The bill provides that the statewide average requested rate change and final approved statewide average rate change in a filing, as well as the county rating examples submitted to the OIR through the rate collection system for the purpose of displaying rates on its website, are not a trade secret.

The bill provides that when establishing the coverage amount or adjusting a claim for a dwelling or other structure under a homeowner's insurance policy, an insurer may not include the value of the land on which such dwelling or structure is located.

The bill is not expected to have a significant impact on state or local government.

The bill takes effect on July 1, 2026.

## **II. Present Situation:**

### **Office of Insurance Regulation**

#### ***CHOICES***

The Office of Insurance Regulation (OIR) has an existing rate comparison tool on its website entitled “CHOICES” that provides consumers with rate information for various types of insurance. CHOICES was originally created for homeowner’s insurance and modified to include auto insurance in 2013. The CHOICES homeowner’s rate comparison tool provides sample average rates for a variety of companies writing insurance in each county, in addition to rates for Citizens Property Insurance Corporation. Further enhancements to the system expanded CHOICES to include both Medicare Supplement and small group health insurance. The CHOICES tools for both Medicare Supplement and small group health insurance allow the user to select options and enter specific criteria for calculation of rates for any county located in Florida.<sup>1</sup>

The rates provided in the CHOICES system are for illustrative purposes only. The website encourages consumers to contact either an insurance agent or the insurance company for a premium quote based on individual circumstances. Rates for insurers that submitted data as trade secret are not included.<sup>2</sup>

#### ***Transparency in Rate Regulation***

The OIR is required to provide the following information with respect to any residential property rate filing on a publicly accessible Internet website:

- The overall rate change requested by the insurer.
- The rate change approved by the OIR along with all of the actuary’s assumptions and recommendations forming the basis of the OIR’s decision.
- Certification by the OIR’s actuary that, based on the actuary’s knowledge, his or her recommendations are consistent with accepted actuarial principles.<sup>3</sup>

The OIR must provide on its website a means for any policyholder who may be affected by a proposed rate change to send an e-mail to the OIR regarding the proposed rate change.<sup>4</sup> Any such e-mail must be accessible to the actuary assigned to review the rate filing.<sup>5</sup>

#### ***Insurer Reporting of Property Insurance Data and other Information to the OIR***

Every insurer and insurer group doing business in Florida must file monthly reports with the OIR.<sup>6</sup> These reports, also known as QUASR reports, must include the following information for each zip code in Florida:

- The total number of policies in force at the end of each month.
- The total number of policies canceled.

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<sup>1</sup> <https://floir.com/consumers/choices-rate-comparison-search> (last visited December 22, 2025).

<sup>2</sup> *Id.*

<sup>3</sup> Section 627.0621(2)(a), F.S.

<sup>4</sup> Section 627.0621(2)(b), F.S.

<sup>5</sup> *Id.*

<sup>6</sup> Section 624.424(10)(a), F.S.

- The total number of policies nonrenewed.
- The number of policies canceled due to hurricane risk.
- The number of policies nonrenewed due to hurricane risk.
- The number of new policies written.
- The total dollar value of structure exposure under policies that include wind coverage.
- The number of policies that exclude wind coverage.
- The number of claims opened each month.
- The number of claims closed each month.
- The number of claims pending each month.
- The number of claims in which either the insurer or insured invoked any form of alternative dispute resolution, and specifying which form of alternative dispute resolution was used.<sup>7</sup>

The OIR must aggregate this data on a statewide basis and make it publicly available by publishing such on the OIR's website within one month after each quarterly and annual filing.<sup>8</sup> Such information, when aggregated on a statewide basis, is not a trade secret as defined in s. 688.002(4), F.S., or s. 812.081, F.S., and is not subject to the public records exemption for trade secrets provided in s. 119.0715, F.S.<sup>9</sup>

### **Department of Financial Services**

The Department of Financial Services offers a variety of information and resources on its website to educate consumers regarding insurance and financial topics. Information may be found on homeowner's insurance, automobile insurance, life insurance and annuities, health insurance, and long-term care insurance.<sup>10</sup> The resources include over 30 consumer guides on specific insurance topics.<sup>11</sup>

### **Homeowners' Policies; Offer of Replacement Cost Coverage**

There are two basic ways that property insurance losses can be adjusted: replacement cost value (RCV) or actual cash value (ACV). Actual cash value is the depreciated value of the property being replaced or repaired. An insurer issuing homeowners' insurance policies must offer policyholders each of the following:

- A policy or endorsement providing that any loss that is repaired or replaced will be adjusted on the basis of replacement costs to the dwelling not exceeding policy limits, rather than actual cash value, but not including costs necessary to meet applicable laws and ordinances regulating the construction, use, or repair of any property or requiring the tearing down of any property, including the costs of removing debris.
- A policy or endorsement providing that, subject to other policy provisions, any loss that is repaired or replaced at any location will be adjusted on the basis of replacement costs to the dwelling not exceeding policy limits, rather than actual cash value, and also including costs necessary to meet applicable laws and ordinances regulating the construction, use, or repair

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<sup>7</sup> *Id.*

<sup>8</sup> Section 624.424(10)(b), F.S.

<sup>9</sup> *Id.*

<sup>10</sup> <https://www.myfloridacfo.com/Division/Consumers/> (last visited December 22, 2025).

<sup>11</sup> <https://www.myfloridacfo.com/division/consumers/understanding-insurance/guides> (last visited December 22, 2025).

of any property or requiring the tearing down of any property, including the costs of removing debris. However, additional costs necessary to meet applicable laws and ordinances may be limited to 25 percent or 50 percent of the dwelling limit, as selected by the policyholder, and such coverage applies only to repairs of the damaged portion of the structure unless the total damage to the structure exceeds 50 percent of the replacement cost of the structure.<sup>12</sup>

Unless the insurer obtains the policyholder's written refusal of the policies or endorsements specified above, any policy covering the dwelling is deemed to include the law and ordinance coverage limited to 25 percent of the dwelling limit.<sup>13</sup> In the event of a loss for which a dwelling or personal property is insured on the basis of replacement costs:

- For a dwelling, the insurer must initially pay at least the actual cash value of the insured loss, less any applicable deductible. The insurer must pay any remaining amounts necessary to perform such repairs as work is performed and expenses are incurred. However, if a roof deductible under s. 627.701(10), F.S., is applied to the insured loss, the insurer may limit the claim payment as to the roof to the actual cash value of the loss to the roof until the insurer receives reasonable proof of payment by the policyholder of the roof deductible. Reasonable proof of payment includes a canceled check, money order receipt, credit card statement, or copy of an executed installment plan contract or other financing arrangement that requires full payment of the deductible over time. If a total loss of a dwelling occurs, the insurer must pay the replacement cost coverage without reservation or holdback of any depreciation in value, pursuant to s. 627.702, F.S.<sup>14</sup>
- For personal property:
  - The insurer must offer coverage under which the insurer is obligated to pay the replacement cost without reservation or holdback for any depreciation in value, whether or not the insured replaces the property.
  - The insurer may also offer coverage under which the insurer may limit the initial payment to the actual cash value of the personal property to be replaced, require the insured to provide receipts for the purchase of the property financed by the initial payment, use such receipts to make the next payment requested by the insured for the replacement of insured property, and continue this process until the insured remits all receipts up to the policy limits for replacement costs. The insurer must provide clear notice of this process before the policy is bound. A policyholder must be provided an actuarially reasonable premium credit or discount for this coverage. The insurer may not require the policyholder to advance payment for the replaced property.<sup>15</sup>

### III. Effect of Proposed Changes:

**Section 1** amends s. 627.0621, F.S., to provide that, beginning on October 1, 2026, every rate filing requesting a rate change for residential property coverage from a property insurer must include a rate transparency report. The OIR may accept the rate transparency report or, if it finds that the report fails to provide the required information in concise and plain language that aids consumers in their understanding of insurance or finds the report to be misleading, the OIR must

<sup>12</sup> Section 627.701(1), F.S.

<sup>13</sup> Section 627.701(2), F.S.

<sup>14</sup> Section 627.701(3)(a), F.S.

<sup>15</sup> Section 627.701(3)(b), F.S.



return the report to the property insurer for modification. Acceptance of the report by the OIR for use or direction for modification may not be deemed an approval pursuant to s. 627.062, F.S. The report must be compiled in a uniform format prescribed by the Financial Services Commission (Commission) and must include a graphical representation identifying a percentage breakdown of rating factors anticipated by the company, book, or program affected by the filing.

The report must be included with any offer of coverage and upon policy renewal. If the report has not been accepted for use or modified in accordance with the OIR's direction, the report must indicate that it is preliminary and subject to modification by the insurer. The report must include all of the following categories, which must total 100 percent, at the cumulative level:

- The percentage of the total rate factor associated with the cost of reinsurance.
- The percentage of the total rate factor associated with the cost of claims.
- The percentage of the total rate factor associated with defense and containment costs.
- The percentage of the total rate factor associated with fees and commissions.
- The percentage of the total rate factor associated with profit and contingency of the insurer.
- Any other categories deemed necessary by the OIR or the Commission.

The rate transparency report must also include the following information:

- Any major adverse findings by the OIR for the previous three calendar years.
- Whether the insurer uses affiliated entities to perform functions of the insurer.
- Contact information, including a phone number, hours of service, and e-mail address, for the DFS's Division of Consumer Services.
- Contact information for the OIR.
- The address for the website for public access to rate filing and affiliate information specified in subsection (3).
- Any changes in the total insured value from the last policy period.

The OIR must define, in concise and plain language, any term used in the rate transparency report to aid consumers in their understanding of insurance.

The bill revises requirements for the OIR website for public access to rate filing information. The bill provides that the OIR must establish and maintain a comprehensive resource center on the website which uses concise and plain language to aid consumers in their understanding of insurance. The website must include substantive information on the current and historical dynamics of the market, data concerning the financial condition and market conduct of insurance companies, and the insurance options available to consumers. At a minimum, the website must contain the following:

- Reports, using graphical information whenever possible, outlining information about the state of the insurance market and adverse and positive trends affecting it.
- Tools that aid consumers in finding insurers including, but not limited to, a listing of all companies actively doing business in Florida which includes each company's address, website, and all phone numbers and e-mail addresses to be used by insureds and applicants for coverage.
- Tools that aid consumers in selecting the coverages beneficial to them, including, but not limited to:

- Educational materials that explain the types of coverage in residential property insurance policies;
- The difference between replacement cost reimbursement and actual cash value reimbursement;
- A glossary of common terms used in policies; and
- A comparison of the coverage, terms, conditions, and exclusions contained in different homeowners and dwelling fire forms.
- Answers to commonly asked questions about residential property insurance coverage.
- Information about mitigation credits and the My Safe Florida Home program, as well as other credits insurers may offer in addition to wind mitigation.
- Access to the rate transparency report, annual statements, market conduct information, and other information related to each insurer.
- Information on the Citizens Property Insurance Corporation takeout process, the clearinghouse, and general information as reported by the OIR.
- Information on the claims process, including, but not limited to:
  - Clear, step-by-step guidance on how to file a claim, what to expect during the claim process, and timelines for resolution of a claim.
  - The obligations of insurers and insureds related to claim reporting, claim handling, communications regarding claims, claim investigations, claim decisions, and claim payments.
  - For each insurer with active policies in this state, the means by which to report a claim, including any phone numbers, e-mail addresses, and website addresses used for claim reporting.
- Information on consumer protection, including, but not limited to:
  - The rights of insureds under Florida law related to coverage; coverage renewals, nonrenewals, and cancellations; and mandated offers of coverage.
  - Information on how to file consumer complaints within the DFS Division of Consumer Services.
- Information on news and updates relevant to consumers regarding Florida's residential property insurance market, including regulatory changes, information on insurers that enter or exit the market, and industry trends.
- Disaster preparedness information directly related to insurance, prepared by the OIR or by the Division of Emergency Management.
- With respect to any residential property rate filing:
  - The overall rate change requested by the insurer.
  - The rate change approved by the OIR along with all of the actuary's assumptions and recommendations forming the basis of the OIR's decision.
  - Certification by the OIR's actuary that, based on the actuary's knowledge, his or her recommendations are consistent with accepted actuarial principles.
  - Whether the insurer uses affiliated entities to perform administrative, claims handling, or other functions of the insurer and, if so, the total percentage of direct written premium paid to the affiliated entities by the insurer in the preceding calendar year.

The bill provides that the statewide average requested rate change and final approved statewide average rate change within a filing is not a trade secret as defined in s. 688.002, F.S., or s.

812.081(1), F.S., and is not subject to the public records exemption for trade secrets provided in s. 119.0715, F.S., or s. 624.4213, F.S.

The bill provides that the county rating examples submitted to the OIR through the rate collection system for the purpose of displaying rates on OIR's website is not a trade secret as defined in s. 688.002, F.S., or s. 812.081(1), F.S., and is not subject to the public records exemption for trade secrets provided in s. 119.0715, F.S., or s. 624.4213, F.S.

**Section 2** amends s. 627.7011, F.S., to provide that when establishing the coverage amount or adjusting a claim for a dwelling or other structure under a homeowner's insurance policy, an insurer may not include the value of the land on which such dwelling or structure is located. This provision may not be construed to permit inclusion of the value of land for dwellings or structures located on the shoreline, surrounded in whole or in part by a body of water, or on land formed or altered by erosion or accretion.

**Section 3** amends s. 627.7142, to make a conforming change to a cross-reference affected by changes made in this bill.

**Section 4** provides that the bill takes July 1, 2026.

#### **IV. Constitutional Issues:**

**A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

None.

**E. Other Constitutional Issues:**

None.

#### **V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The bill should assist consumers in making decisions when shopping for insurance.

**C. Government Sector Impact:**

The bill is not expected to impact state or local government. The OIR already uses existing resources making similar information available online.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 627.0621, 627.7011, 627.7142.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

By Senator Avila

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A bill to be entitled

An act relating to residential property insurance; amending s. 627.0621, F.S.; requiring that certain rate filings with the Office of Insurance Regulation from residential property insurers include rate transparency reports; providing for the office to accept such reports or to request the insurer make modifications; providing construction; providing requirements for such reports; requiring insurers to provide such reports to consumers; requiring that the report indicate that it is preliminary and subject to modification by the insurer at the direction of the office under certain circumstances; requiring the office to define terms used in such reports; requiring the office to establish and maintain a comprehensive resource center on its website; providing requirements for the resource center; specifying that certain information is not a trade secret and is not subject to certain public records exemptions; amending s. 627.7011, F.S.; prohibiting an insurer from including the value of certain land when establishing a coverage amount or adjusting certain claims; providing construction; amending s. 627.7142, F.S.; conforming a cross-reference; providing an effective date.

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

Section 1. Present subsection (2) of section 627.0621, Florida Statutes, is redesignated as subsection (3) and amended,

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and a new subsection (2) is added to that section, to read:

627.0621 Transparency in rate regulation.—

(2) RATE TRANSPARENCY REPORT.—

(a) Beginning October 1, 2026, every rate filing requesting a rate change for residential property coverage from a property insurer must include a rate transparency report for acceptance or, if necessary, modification by the insurer as directed by the office. The office may accept the rate transparency report for filing; or, if the office finds that the report fails to provide the required information in concise, plain language that aids consumers in their understanding of insurance or that the report is misleading, the office must return the report to the insurer with specific directions for modification. The office's acceptance of the report for use or direction for modification may not be deemed an approval pursuant to s. 627.062. The report must be compiled in a uniform format prescribed by the commission and must include a graphical representation identifying a percentage breakdown of rating factors anticipated by the company, book, or program affected by the filing.

(b) Along with an offer of coverage and upon renewal, an insurer shall provide the corresponding copy of the rate transparency report for the consumers' offered rate to aid consumers in their understanding of insurance. If the report has not been accepted for use or modified in accordance with the office's direction, the report must indicate that it is preliminary and subject to modification by the insurer at the direction of the office.

(c) The rate transparency report must include the following categories of the book or program at the cumulative level:

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1. The percentage of the total rate factor associated with the cost of reinsurance.

2. The percentage of the total rate factor associated with the cost of claims.

3. The percentage of the total rate factor associated with the defense containment and costs.

4. The percentage of the total rate factor associated with fees and commissions.

5. The percentage of the rate factor associated with profit and contingency of the insurer.

6. Any other categories deemed necessary by the office or commission.

An estimated percentage of the influence of each listed factor provided must equal 100 percent.

(d) The insurer shall provide the rate transparency report to the office upon the filing of a rate change with the office.

(e) In addition to the categories required in paragraph (c), the rate transparency report must also include the following information:

1. All major adverse findings by the office for the previous 3 calendar years.

2. Whether the insurer uses affiliated entities to perform functions of the insurer.

3. Contact information, including a telephone number, hours of service, and an e-mail address, for the Division of Consumer Services of the department.

4. Contact information for the office.

5. Address for the website for public access to rate filing

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and affiliate information outlined in subsection (3).

6. Any change in the total insured value from the last policy period.

(f) The office shall define, in concise and plain language, any term used in the rate transparency report to aid consumers in their understanding of insurance.

~~(3)(2)~~ WEBSITE FOR PUBLIC ACCESS TO RATE FILING INFORMATION.

(a) The office shall establish and maintain a comprehensive resource center on its website which uses concise and plain language to aid consumers in their understanding of insurance. The website must include substantive information on the current and historical dynamics of the market, data concerning the financial condition and market conduct of insurance companies, and insurance options available to consumers. At a minimum, the website must contain the following:

1. Reports, using graphical information whenever possible, which outline information about the state of the market and adverse and positive trends affecting it.

2. Tools that aid consumers in finding insurers, including, but not limited to, a listing of all companies actively doing business in this state which includes each company's address, website, and all phone numbers and e-mail addresses to be used by insureds and applicants for coverage.

3. Tools that aid consumers in selecting the coverages beneficial to them, including, but not limited to:

a. Educational materials that explain the types of coverage in residential property insurance policies; the difference between replacement cost reimbursement and actual cash value

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reimbursement; a glossary of common terms used in policies; and a comparison of the coverage, terms, conditions, and exclusions contained in different homeowners' and dwelling fire forms.

b. Answers to commonly asked questions about residential property insurance coverage.

4. Information about mitigation credits and the My Safe Florida Home Program, as well as other credits and discounts insurers may offer beyond wind mitigation.

5. Access to the rate transparency report, annual statements, market conduct information, and other information related to each insurer.

6. Information on the Citizens Property Insurance Corporation takeout process, the clearinghouse, and general information as reported by the office.

7. Information on the claims process, including, but not limited to:

a. Clear, step-by-step guidance on how to file a claim, what to expect during the claim process, and timelines for resolution of a claim.

b. The obligations of insurers and insureds related to claim reporting, claim handling, communications regarding claims, claim investigations, claim decisions, and claim payments.

c. For each insurer with active policies in this state, the means by which to report a claim, including any phone numbers, e-mail addresses, or website addresses used for claim reporting.

8. Information on consumer protection, including, but not limited to:

a. The rights of insureds under Florida law related to

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coverage; coverage renewals, nonrenewals, and cancellations; and mandated offers of coverage.

b. Information on how to file consumer complaints with the Division of Consumer Services in the Department of Financial Services.

9. Information on news and updates relevant to consumers regarding this state's residential property insurance market, including regulatory changes, information on insurers that enter or exit the market, and industry trends.

10. Information on disaster preparedness directly related to insurance, prepared by the office or by the Division of Emergency Management.

11. With respect to any residential property rate filing, the office shall provide the following information on a publicly accessible Internet website:

a.1- The overall rate change requested by the insurer.

b.2- The rate change approved by the office along with all of the actuary's assumptions and recommendations forming the basis of the office's decision.

c.3- Certification by the office's actuary that, based on the actuary's knowledge, his or her recommendations are consistent with accepted actuarial principles.

d. Whether the insurer uses affiliated entities to perform administrative, claims handling, or other functions of the insurer and, if so, the total percentage of direct written premium paid to the affiliated entities by the insurer in the preceding calendar year.

(b) For any rate filing, regardless of whether ~~or not~~ the filing is subject to a public hearing, the office shall provide

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on its website a means for any policyholder who may be affected by a proposed rate change to send an e-mail regarding the proposed rate change. Such e-mail must be accessible to the actuary assigned to review the rate filing.

(c) The statewide average requested rate change and final approved statewide average rate change within a filing is not a trade secret as defined in s. 688.002 or s. 812.081(1) and is not subject to the public records exemption for trade secrets provided in s. 119.0715 or s. 624.4213.

(d) County rating examples submitted to the office through the rate collection system for the purpose of displaying rates on the office website are not a trade secret as defined in s. 688.002 or s. 812.081(1) and are not subject to the public records exemption for trade secrets provided in s. 119.0715 or s. 624.4213.

Section 2. Present subsections (5) and (6) of section 627.7011, Florida Statutes, are redesignated as subsections (6) and (7), respectively, and a new subsection (5) is added to that section, to read:

627.7011 Homeowners' policies; offer of replacement cost coverage and law and ordinance coverage.—

(5) When establishing the coverage amount or adjusting a claim for a dwelling or other structure under a homeowner's insurance policy, an insurer may not include the value of the land on which such dwelling or structure is located. This subsection may not be construed to permit inclusion of the value of land for dwellings or structures located on the shoreline, surrounded in whole or in part by a body of water, or on land formed or altered by erosion or accretion.

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Section 3. Section 627.7142, Florida Statutes, is amended to read:

627.7142 Homeowner Claims Bill of Rights.—An insurer issuing a personal lines residential property insurance policy in this state must provide a Homeowner Claims Bill of Rights to a policyholder within 14 days after receiving an initial communication with respect to a claim. The purpose of the bill of rights is to summarize, in simple, nontechnical terms, existing Florida law regarding the rights of a personal lines residential property insurance policyholder who files a claim of loss. The Homeowner Claims Bill of Rights is specific to the claims process and does not represent all of a policyholder's rights under Florida law regarding the insurance policy. The Homeowner Claims Bill of Rights does not create a civil cause of action by any individual policyholder or class of policyholders against an insurer or insurers. The failure of an insurer to properly deliver the Homeowner Claims Bill of Rights is subject to administrative enforcement by the office but is not admissible as evidence in a civil action against an insurer. The Homeowner Claims Bill of Rights does not enlarge, modify, or contravene statutory requirements, including, but not limited to, ss. 626.854, 626.9541, 627.70131, 627.7015, and 627.7074, and does not prohibit an insurer from exercising its right to repair damaged property in compliance with the terms of an applicable policy or ss. 627.7011(7)(e) and 627.702(7) ~~ss. 627.7011(6)(e) and 627.702(7)~~. The Homeowner Claims Bill of Rights must state:

## HOMEOWNER CLAIMS



39-00139B-26

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## BILL OF RIGHTS

This Bill of Rights is specific to the claims process and does not represent all of your rights under Florida law regarding your policy. There are also exceptions to the stated timelines when conditions are beyond your insurance company's control. This document does not create a civil cause of action by an individual policyholder, or a class of policyholders, against an insurer or insurers and does not prohibit an insurer from exercising its right to repair damaged property in compliance with the terms of an applicable policy.

## YOU HAVE THE RIGHT TO:

1. Receive from your insurance company an acknowledgment of your reported claim within 7 days after the time you communicated the claim.

2. Upon written request, receive from your insurance company within 30 days after you have submitted a complete proof-of-loss statement to your insurance company, confirmation that your claim is covered in full, partially covered, or denied, or receive a written statement that your claim is being investigated.

3. Receive from your insurance company a copy of any detailed estimate of the amount of the loss within 7 days after the estimate is generated by the insurance company's adjuster.

4. Within 60 days, subject to any dual interest

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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noted in the policy, receive full settlement payment for your claim or payment of the undisputed portion of your claim, or your insurance company's denial of your claim.

5. Receive payment of interest, as provided in s. 627.70131, Florida Statutes, from your insurance company, which begins accruing from the date your claim is filed if your insurance company does not pay full settlement of your initial, reopened, or supplemental claim or the undisputed portion of your claim or does not deny your claim within 60 days after your claim is filed. The interest, if applicable, must be paid when your claim or the undisputed portion of your claim is paid.

6. Free mediation of your disputed claim by the Florida Department of Financial Services, Division of Consumer Services, under most circumstances and subject to certain restrictions.

7. Neutral evaluation of your disputed claim, if your claim is for damage caused by a sinkhole and is covered by your policy.

8. Contact the Florida Department of Financial Services, Division of Consumer Services' toll-free helpline for assistance with any insurance claim or questions pertaining to the handling of your claim. You can reach the Helpline by phone at ...(toll-free phone number)..., or you can seek assistance online at the Florida Department of Financial Services, Division of Consumer Services' website at ...(website

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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291 address)....

292

293 YOU ARE ADVISED TO:

294 1. File all claims directly with your insurance  
295 company.

296 2. Contact your insurance company before entering  
297 into any contract for repairs to confirm any managed  
298 repair policy provisions or optional preferred  
299 vendors.

300 3. Make and document emergency repairs that are  
301 necessary to prevent further damage. Keep the damaged  
302 property, if feasible, keep all receipts, and take  
303 photographs or video of damage before and after any  
304 repairs to provide to your insurer.

305 4. Carefully read any contract that requires you  
306 to pay out-of-pocket expenses or a fee that is based  
307 on a percentage of the insurance proceeds that you  
308 will receive for repairing or replacing your property.

309 5. Confirm that the contractor you choose is  
310 licensed to do business in Florida. You can verify a  
311 contractor's license and check to see if there are any  
312 complaints against him or her by calling the Florida  
313 Department of Business and Professional Regulation.  
314 You should also ask the contractor for references from  
315 previous work.

316 6. Require all contractors to provide proof of  
317 insurance before beginning repairs.

318 7. Take precautions if the damage requires you to  
319 leave your home, including securing your property; ~~and~~

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320 turning off your gas, water, and electricity; ~~and~~  
321 contacting your insurance company; and providing  
322 ~~provide~~ a phone number where you can be reached.

323

324 Section 4. This act shall take effect July 1, 2026.

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.



**SENATOR BRYAN AVILA**  
39th District

## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

Avila.bryan.web@flsenate.gov

**COMMITTEES:**  
**COMMITTEES:**

Finance and Tax, *Chair*  
Transportation, Vice Chair  
Appropriations Committee on  
Transportation, Tourism, and  
Economic Development  
Environmental and Natural Resources  
Ethics and Elections  
Fiscal Policy  
Rules

January 5, 2026

Honorable Chair Joe Gruters  
Committee on Banking and Insurance  
320 Knott Building  
404 South Monroe Street  
Tallahassee, Florida 32399

Honorable Chair Gruters:

I respectfully request SB 832 Residential Property Insurance be placed on the next committee agenda.

SB 832 Residential Property Insurance Residential Property Insurance; Requires that certain rate filings with the Office of Insurance Regulation from residential property insurers include rate transparency reports; requiring the office to establish and maintain a comprehensive resource center on its website; specifying that certain information is not a trade secret and is not subject to certain public records exemptions; prohibiting an insurer from including the value of certain land when establishing a coverage amount or adjusting certain claims.

Thank you for your consideration.

Sincerely,

Senator, District 39

CC: James Knudson, Staff Director  
Amaura Canty, Administrative Assistant  
Victoria Brill, Chief Legislative Assistant

The Florida Senate

**APPEARANCE RECORD**

Deliver both copies of this form to  
Senate professional staff conducting the meeting

1/13/26

Meeting Date

832

Bill Number or Topic

Banking & Insurance

Committee

Amendment Barcode (if applicable)

Name

George Feijoo ("Fee-Jew")

Phone

305 720 7099

Address

108 S. Monroe St

Email

grfeijoo@flapartners.com

Street

Tallahassee FL

32311

City

State

Zip

Speaking:

☐

For

☐

Against

☒

Information

**OR**

Waive Speaking:

☐

In Support

☐

Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐

I am appearing without  
compensation or sponsorship.

☒

I am a registered lobbyist,  
representing:

Florida Insurance  
Cancel

☐

I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate

1-13-26

# APPEARANCE RECORD

832

Meeting Date

Bill Number or Topic

B&I

Deliver both copies of this form to  
Senate professional staff conducting the meeting

Committee

Amendment Barcode (if applicable)

Name **Gary Rosen, PhD**

Phone **9546147100**

Address **2881 W Lake Vista Cir**

Email **gary@mold-free.org**

Street

**Davie**

**FL**

**33328**

City

State

Zip

Speaking: ☒ For ☐ Against ☐ Information **OR** Waive Speaking: ☐ In Support ☐ Against

## PLEASE CHECK ONE OF THE FOLLOWING:

☒ I am appearing without  
compensation or sponsorship.

☐ I am a registered lobbyist,  
representing:

Suggestion. After line 203. Add: "Insurer must  
provide homeowner the option to insure for only  
mortgage amount if any."

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

## The Florida Senate COMMITTEE VOTE RECORD

**Tab #: 6**  
**Sponsor:** Avila  
**Subject:** Residential Property Insurance

[illegible]

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/SB 834

INTRODUCER: Banking and Insurance Committee and Senator Yarborough

SUBJECT: Nonprofit Religious Organizations

DATE: January 15 , 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Knudson	BI	Fav/CS
2.			JU	
3.			RC	

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Technical Changes

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**I. Summary:**

CS/SB 834 authorizes a nonprofit religious organization, also known as a health care sharing ministry (HCSM), to market and sell their membership products through licensed insurance agents, which is currently prohibited under the Florida Insurance Code (code) for HCSMs as a condition of being exempt from the code.

An HCSM offers memberships to individuals who generally agree to live by a statement of religious or ethical beliefs and contribute monthly to pay for qualified medical costs of other members. The HCSM administers the voluntary sharing of qualified medical costs among the members. These products are exempt from regulation under the Florida Insurance Code if certain requirements are met, and are an alternative to health insurance, and are therefore not subject to state or federal laws that require comprehensive insurance coverage and consumer protections.

**II. Present Situation:**

**The Patient Protection and Affordable Care Act (PPACA)<sup>1</sup>**

On March 23, 2010, PPACA was signed into law. Among its sweeping changes to the U.S. health insurance system are requirements for health insurers to make coverage available to all

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<sup>1</sup> P.L. 111-148, 124 Stat. 119-1945 (2010). PPACA was amended by P.L. 111-152, the Health Care and Education Reconciliation Act of 2010.

individuals and employers,<sup>2</sup> without exclusions, for preexisting medical conditions<sup>3</sup> and without basing premiums on any health-related factors. PPACA imposes many insurance requirements, such as coverage of essential health benefits, prohibition on lifetime dollar limits<sup>4</sup> on essential health benefits, rating and underwriting standards, reporting of medical loss ratios and payment of rebates,<sup>5</sup> and other requirements.<sup>6</sup>

Under PPACA, members of health care sharing ministries (HCSMs) are exempted from the federal individual mandate to maintain minimum health coverage, but the law does not mandate whether or how states may regulate them.<sup>7</sup> A HCSM is an organization:

- Described in section 501(c)(3) of the Internal Revenue Code and that is exempt from taxation under section 501(a) of the Internal Revenue Code;
- Comprised of members who share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs and without regard to the state in which a member resides or is employed;
- Required to retain membership of members even after they develop a medical condition;
- That has been in existence at all times since December 31, 1999, and medical expenses of its members have been shared continuously and without interruption since at least December 31, 1999; and
- Subjected to an annual audit, which is performed by an independent certified public accounting firm in accordance with generally accepted accounting principles and that is made available to the public upon request.<sup>8</sup>

### Health Care Sharing Ministries

The HCSMs trace their origins to the Middle Ages when tradesmen's guilds banded together to provide economic assistance to members who were injured, fell ill, or who died leaving family members behind.<sup>9</sup> These guilds continued to exist in Europe until the 19th century, and the Industrial Revolution in Europe, when they were gradually replaced by trade unions and fraternal benefits associations. The modern HCSMs evolved in the late 1970s and 1980s as a byproduct of inflation, which resulted in rising costs in health care and health insurance.

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<sup>2</sup> PPACA s. 1201; PHSA s. 2702 (42 U.S.C. s. 300gg-1).

<sup>3</sup> 42 U.S.C. s. 300gg-3.

<sup>4</sup> PPACA s. 1001; PHSA s. 2711 (42 U.S.C. s. 300gg-11).

<sup>5</sup> 42 USC 300gg-1. PPACA requires health insurers to report to the HHS information concerning the percent of premium revenue spent on claims for clinical services and activities (medical loss ratio or MLR). Insurers must provide a rebate to consumers if the MLR is less than 85 percent in the large group market and 80 percent in the small group and individual markets.

<sup>6</sup> The federal Tax Cut and Jobs Act of 2017 eliminated the individual coverage mandate tax penalty, effective 2019. Public Law No. 115-97.

<sup>7</sup> 26 U.S.C. § 5000A(d)(2)(B). Effective tax year 2019, the penalty for failing to maintain minimum essential coverage was reduced to \$0. P.L. 115-97.

<sup>8</sup> 26 USC s. 5000A(d)(2)(B).

<sup>9</sup> HSA for America, The History of Health Sharing (Jan. 3, 2025), <https://hsaforamerica.com/blog/the-history-of-health-sharing/> (last visited Jan. 3, 2026).



An HCSM, an alternative to health insurance, offers memberships to individuals who generally agree to live by a statement of religious beliefs or ethics<sup>10</sup> and contribute monthly to the HCSM for the payment qualified medical costs of other members.<sup>11</sup> Members also submit their own eligible bills to be shared by other members<sup>12</sup>. The HCSM may match paying members who need the health care funds or pool all the monthly shares and administer payments for qualified medical expenses to members directly.<sup>13</sup>

In the United States, an estimated 1.5 million people participate in HCSMs.<sup>14</sup> Approximately 30 states, including Florida, have exempted health care sharing ministries (HCSM) explicitly from insurance regulation.<sup>15</sup>

Some people may enroll in HCSMs because of their typically lower upfront costs, compared to PPACA-compliant plans that must provide 10 essential benefits and meet other coverage and underwriting requirements. Further, HCSMs are not insurance and cannot guarantee payment of claims, i.e., while they may share funds with members who have health needs, they are not legally required to do so.<sup>16</sup>

### Regulation of Insurance in Florida

Florida's Office of Insurance Regulation (OIR)<sup>17</sup> is responsible for the regulation of all activities of insurers and other risk-bearing entities, including licensure, rates,<sup>18</sup> policy forms, market conduct, claims, solvency, administrative supervision, as provided under the Florida Insurance Code (code).<sup>19</sup> Insurance is classified into the following kinds of insurance: life, health, property, casualty, surety, marine, and title.<sup>20</sup> The code defines "insurance" as a contract whereby one undertakes to indemnify another or pay or allow a specified amount or a determinable benefit upon determinable contingencies.<sup>21</sup> Health insurance is insurance of human beings against bodily

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<sup>10</sup> Wall Street Journal, As Sharing Health-Care Costs Takes Off, States Warn: It Isn't Insurance (June 10, 2019), <https://www.wsj.com/articles/groups-that-share-health-care-costs-are-drawing-more-members-and-scrutiny-11560177134?mod=Searchresults&pos=3&page=1> (last visited Jan. 2, 2026).

<sup>11</sup> *Id.*

<sup>12</sup> National Association of Insurance Commissioners, What You Should Know About Health Care Sharing Ministries, Discount Plans, and Risk-Sharing Plans, (Dec. 13, 2023), <https://content.naic.org/article/what-you-should-know-about-health-care-sharing-ministries-discount-plans-and-risk-sharing-plans> (last visited Dec. 23, 2025).

<sup>13</sup> *Id.*

<sup>14</sup> The Actuary, Health Care Sharing Ministries (Dec. 2021), <https://www.theactuarymagazine.org/health-care-sharing-ministries/> (last visited Jan. 2, 2026).

<sup>15</sup> National Association of Insurance Commissioners, What you should know about health care sharing ministries, discount plans, and risk sharing plans, (Dec. 13, 2023), <https://content.naic.org/article/what-you-should-know-about-health-care-sharing-ministries-discount-plans-and-risk-sharing-plans> (last visited Dec. 23, 2025).

<sup>16</sup> *Id.*

<sup>17</sup> The OIR is an office under the Financial Services Commission (commission), which is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. The commission is not subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters. Section 20.121(3), F.S.

<sup>18</sup> Pursuant to s. 627.062(1), F.S., rates may not be excessive, inadequate, or unfairly discriminatory.

<sup>19</sup> Section 20.121(3)(a)1., F.S.

<sup>20</sup> Section 624.6011, F.S.

<sup>21</sup> Section 624.402, F.S.

injury, disablement, or death by accident or accidental means, or the expense thereof, or against disablement or expense resulting from sickness, and every insurance pertaining to it.<sup>22</sup>

The OIR monitors the solvency of insurers, and takes administrative action, if necessary, against any authorized insurer if OIR determines that the continued operation of the insurer may be deemed hazardous to its policyholders or creditors, or to the general public.<sup>23</sup> If an insurer is found to be insolvent and is ordered to be liquidated by a court, a receiver takes over the insurer under court supervision and processes the assets and liabilities through liquidation.<sup>24</sup>

Generally, once an insurance company is liquidated, an insurance guaranty association becomes liable for the policy or contract obligations of the liquidated insurance company. Insurance guaranty associations are designed to protect policyholders of liquidated insurers from financial losses and delays in claim payments, up to limits provided by law.<sup>25</sup> An association services covered policies and contracts, collects premiums, and pays valid claims.<sup>26</sup> All insurers authorized to write life insurance policies, health insurance policies, supplemental contracts, and annuity contracts (with exceptions) in Florida are required, as a condition of doing business in this state, to be member insurers of the association.<sup>27</sup>

### ***Alternative Medical Benefit Products Exempt from the Florida Insurance Code<sup>28</sup>***

The code exempts alternative plans, such as the nonprofit religious organizations or HCSMs and nonprofit agricultural organizations from the provisions of the code if certain conditions are met. Currently a HCSM<sup>29</sup> is exempt from the requirements of the code, including licensure, regulation, and consumer protections if the nonprofit religious organization meets all the following requirements:

- Qualifies under Title 26, s. 501 of the Internal Revenue Code of 1986, as amended.
- Limits its participants to those members who share a common set of ethical or religious beliefs.
- Acts as a facilitator among participants who have financial, physical, or medical needs to assist those with financial, physical, or medical needs in accordance with criteria established by the nonprofit religious organization.
- Provides for the financial or medical needs of a participant through contributions from other participants, or through payments directly from one participant to another participant.

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<sup>22</sup> Section 624.403, F.S. Health insurance does not include workers' compensation coverage, except as provided in s. 624.406, F.S.

<sup>23</sup> Section 624.805, F.S.

<sup>24</sup> The Department of Financial Services (DFS) serves as the court appointed receiver of any insurer placed into receivership in Florida. The Division of Rehabilitation and Liquidation plans, coordinates, and administers the receivership processes on behalf of DFS pursuant to the orders of the receivership court. Part I, ch. 631, F.S.

<sup>25</sup> Section 631.712, F.S.

<sup>26</sup> The maximum amount of protection provided by the association for major medical health insurance policy is \$500,000 per insured life. [Florida Life & Health Insurance Guaranty Association - Frequently Asked Questions](#) (last visited Dec. 24, 2025).

<sup>27</sup> Sections 631.713 and 631.715, F.S.

<sup>28</sup> Chapters 624-632, 634, 635, 636, 641, 642, 648, and 651 constitute the "Florida Insurance Code." Section 624.01, F.S.

<sup>29</sup> Section 624.1265, F.S., refers to health care sharing ministries as "nonprofit religious organizations." A health care sharing ministry is generally an organization that facilitates the sharing of health care expenses among individuals with similar and sincerely held beliefs. The members generally pay monthly membership fees and submit claims when they incur medical bills.

- Provides amounts that participants may contribute, with no assumption of risk and no promise to pay among the participants or by the nonprofit religious organization to the participants.
- Provides a monthly accounting to the participants of the total dollar amount of qualified needs shared in the previous month in accordance with criteria established by the nonprofit religious organization.
- Conducts an annual financial audit that is performed by an independent certified public accountant and makes a copy of the audit report publicly available upon request or posts a copy of the audit report on the nonprofit religious organization's website.
- Does not market or sell health plans through insurance agents licensed by the DFS pursuant to ch. 626, F.S.

The nonprofit religious organization must provide a written disclaimer on or accompanying all applications and guideline materials distributed by or on behalf of the nonprofit religious organization. The disclaimer must read in substance:

*“Notice: The organization facilitating the sharing of medical expenses is not an insurance company, and neither its guidelines nor its plan of operation is an insurance policy. Membership is not offered through an insurance company, and the organization is not subject to the regulatory requirements or consumer protections of the Florida Insurance Code. Whether anyone chooses to assist you with your medical bills will be totally voluntary because no other participant is compelled by law to contribute toward your medical bills. As such, participation in the organization or a subscription to any of its documents should never be considered to be insurance. Regardless of whether you receive any payments for medical expenses or whether this organization continues to operate, you are always personally responsible for the payment of your own medical bills.”*

However, the provisions of s. 624.1265, F.S. do not prevent:

- A participant from limiting the financial or medical needs that may be eligible for payment; or
- The nonprofit religious organization from canceling the membership of a participant when such participant indicates his or her unwillingness to participate by failing to meet the conditions of membership for a period greater than 60 days.

An HCSM is not exempt from the Florida Insurance Code if it markets or sells health plans through agents licensed by the DFS pursuant to ch. 626, F.S. This amendment was made in 2023 as part of the legislative package for the Department of Financial Services (DFS).<sup>30</sup> According to DFS, the purpose of this requirement was to reduce confusion by potential purchasers who

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<sup>30</sup> Senate Bill 1158 (2023) sponsored by Senator DiCiglie (Ch. 2023-144, Laws of Fla.).

believe it to be insurance since it is being sold by licensed insurance agents.<sup>31</sup> Further, agents are typically paid higher commissions<sup>32</sup> to sell HCSM products than insurance plans.<sup>33</sup>

According to DFS,<sup>34</sup> since plans offered by the HCSMs are exempt from the code, there is no guaranty fund if a company ceases operation. There is little oversight of the organizations since no state or federal agency has regulatory authority unless the organization is determined to be operating illegally in a state.

In 2025, the Legislature enacted legislation, which authorizes nonprofit agricultural organizations to offer medical benefit plans, specifies that such plans are not insurance for purposes of the Florida Insurance Code (code), and exempts such plans from insurance regulations and consumer protections that apply to health insurers, health maintenance organizations, and their policies and contracts under the code if certain conditions are met.<sup>35</sup> Like the HCSMs, a nonprofit agricultural organization may not market or sell health benefit plans through agents licensed by DFS.

### **Marketing and Selling of HCSMs Memberships**

In Colorado, HCSMs are required to report specified data, including enrollment, financial data, and marketing materials, annually to the Division of Insurance, and the Commissioner of Insurance must issue an annual report summarizing the submitted information.<sup>36</sup> Examples of potentially confusing marketing language found in HCSM consumer-facing materials included, but not limited to:

- Use of insurance terms that mimic commercial health insurance, such as, “premium,” “deductible” and “catastrophic”;
- Use of metal tier plan names mimicking commercial health insurance; and
- Advertisements or social media posts implying guaranteed payment of health care bills when sharing or reimbursement by fellow members is voluntary and cannot be guaranteed.<sup>37</sup>

<sup>31</sup> DFS, 2023 Legislative Bill Analysis of Senate Bill 1158. On file with Senate Banking and Insurance Committee.

<sup>32</sup> In 2019, an agent commission on an PPACA Silver Plan was 2.6 percent. The commission on products of three HCSMs were in the range of 15-20 percent. Covered California Board Meeting (Feb. 21, 2019),

<https://board.coveredca.com/meetings/2019/02-21%20Meeting/PPT.Board%20Meeting%20Policy%20and%20Action.Feb%202019.1155.pdf> (last visited Jan. 2, 2026).

Subsequently, California adopted a requirement for exchange-certified brokers, which required brokers who want to enroll people in HCSMs must first assess whether they are eligible for marketplace subsidies and provide a disclosure of HCSMs' risks and a comparison to PPACA coverage.

<sup>33</sup> DFS, *Supra* note 31.

<sup>34</sup> Department of Financial Services, 2025 Legislative Bill Analysis of Senate Bill 480, as filed (Feb. 14, 2025).

<sup>35</sup> Ch. 2025-54 Laws of Fla.

<sup>36</sup> Colorado Division of Insurance, Department of Regulatory Agencies, Health Care Sharing Plans and Arrangements in Colorado, 2024 Report (Oct. 2025),

<https://doi.colorado.gov/sites/doi/files/documents/Health%20Care%20Sharing%20Plans%20and%20Arrangements%20in%20Colorado%2C%202024.pdf> (last visited Jan. 2, 2025).

<sup>37</sup> *Id.*

A 2023 U.S. General Accounting Office (GAO)<sup>38</sup> report noted that officials from one of the five HCSMs that provided information to the GAO stated that they used internal and external sales representatives to sell their memberships. The same report raised concerns about external sales representatives selling HCSM memberships alongside PPACA-compliant health insurance. Specifically, officials from two of five HCSMs told the GAO they were opposed to HCSMs using external sales representatives to sell HCSM memberships alongside health insurance because it made it difficult for consumers to understand that HCSM memberships are not insurance and are not an equivalent health coverage option.<sup>39</sup>

### Recent State and Federal Enforcement Actions Against HCSMs

In recent years, federal and state enforcement actions have taken actions against some HCSMs. These include the following:

- Sharity Ministries, formerly known as Trinity Healthshare, filed for Chapter 11 bankruptcy protection in 2021, and ceased operations after being ordered by several state insurance regulators to cease enrolling new members after it was accused of deceptively marketing its products as health insurance.<sup>40</sup> At that time, Sharity Ministries announced it would no longer facilitate any sharing requests as part of the bankruptcy, and it requested bankruptcy court approval to reimburse member contributions after the bankruptcy filing date. Sharity Ministries finished liquidation in December 2021, and had unpaid claims in the range of \$50-300 million. Members with unpaid bills were expected to receive only a fraction of the money owed.<sup>41</sup> Trinity Healthshare spent less than 20 percent of its revenue on patient care in some years.<sup>42</sup>
- In 2021, the U.S. Justice Department seized the assets of Medical Cost Sharing, Inc.<sup>43</sup> The HCSM was found to have spent only three percent of its \$8 million in revenue collected between 2015-2022, or about \$250,000, on covering medical expenses,<sup>44</sup> while the founder and a co-founder spent millions of the funds for personal gain. Subsequently, the founder

<sup>38</sup> U.S. General Accounting Office, PRIVATE HEALTH COVERAGE, Information on Farm Bureau Health Plans, Health Care Sharing Ministries, and Fixed Indemnity Plans (July 2023), <https://www.gao.gov/assets/830/827994.pdf> (last visited Jan. 2, 2026).

<sup>39</sup> *Id.*

<sup>40</sup> The Actuary, Health Care Sharing Ministries (Dec. 2021), <https://www.theactuarymagazine.org/health-care-sharing-ministries/> (last visited Jan. 2, 2026).

<sup>41</sup> National Catholic Register, Health-Sharing Ministry's Bankruptcy Shows Need for Good Standards and Scrutiny, *Insiders Say* (Apr. 28, 2022), <https://www.ncregister.com/cna/health-sharing-ministry-s-bankruptcy-shows-need-for-good-standards-and-scrutiny-insiders-say> (last visited Jan. 2, 2026).

<sup>42</sup> MinistryWatch, Health Share Group John Oliver Exposed Declares Bankruptcy (July 14, 2021), <https://ministrywatch.com/health-share-group-john-oliver-exposed-declares-bankruptcy/> (last visited Jan. 2, 2026).

<sup>43</sup> Propublica, A Christian Health Nonprofit Saddled Thousands With Debt as It Built a Family Empire Including a Pot Farm, a Bank and an Airline (Feb. 25, 2023), <https://www.propublica.org/article/liberty-healthshare-healthcare-sharing-ministries-obamacare#:~:text=Sharity%20Ministries%2C%20once%20among%20the,millions%20of%20dollars%20each%20year> (last visited Jan. 2, 2026).

<sup>44</sup> Christianity Today, Medical Cost Sharing Ministry Stole Millions (Mar. 2024), <https://www.christianitytoday.com/2024/02/christian-church-news-world-medical-cost-sharing-fraud/> (last visited Jan. 3, 2026).

pleaded guilty to one count of conspiracy to commit wire fraud and one count of making false statements on a tax return,<sup>45</sup> and admitted to defrauding members of over \$8 million.<sup>46</sup>

- In 2022, Liberty Healthshare signed a settlement agreement with Ohio state regulators that requires Liberty to pay thousands of dollars in fines and fees, removes Liberty's top leaders, and alters the operations of the HCSM. In addition, the owners of three for-profit companies that have been vendors of Liberty have signed their own settlement agreements that requires them to pay a total of \$5.85 million, which would be deposited into a fund that the attorney general will use to redistribute the money to benefit current or former Liberty members.<sup>47</sup>

### III. Effect of Proposed Changes:

The bill would allow nonprofit religious organizations or HCSMs to market or sell plans through agents licensed by the Department of Financial Services and retain their exemption from the Florida Insurance Code. Currently, the Florida Insurance Code prohibits this practice as a condition of being exempt from the code.

The bill takes effect July 1, 2026.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

None.

#### D. State Tax or Fee Increases:

None.

---

<sup>45</sup> U.S. Attorney's Office, Western District of Missouri, Press Release, Another Co-founder of Medical Charity in St. Joseph Pleads Guilty to \$8 Million Fraud Scheme (Apr. 8, 2024), <https://www.justice.gov/usao-wdmo/pr/another-co-founder-medical-charity-st-joseph-pleads-guilty-8-million-fraud-scheme> (last visited Jan. 2, 2026). The co-founder pleaded guilty to one count of conspiracy to commit wire fraud and one count of making false statements on a tax return in a separate but related trial.

<sup>46</sup> KMBC News, St. Joseph, Missouri medical charity founder pleads guilty to \$8 million fraud scheme (Nov. 14, 2023), <https://www.kmbc.com/article/st-joseph-missouri-medical-charity-founder-pleads-guilty/45839746> (last visited Jan. 2, 2026).

<sup>47</sup> CantonRep.com, Liberty HealthShare, Vendors Reach Multimillion-dollar Settlement with Attorney General (Jan. 26, 2022), <https://www.cantonrep.com/story/news/2022/01/26/liberty-healthshare-reaches-settlement-ohio-attorney-general/9224961002/> (last visited Jan. 2, 2026).

E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Licensed agents may experience an indeterminate increase in commissions associated with selling plans of HCSMs.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 624.1265 of the Florida Statutes.

**IX. Additional Information:**

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

The CS amends the title to “An act relating to nonprofit religious organizations.”

B. Amendments:

None.



884114

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/15/2026	.	
	.	
	.	
	.	

---

The Committee on Banking and Insurance (Yarborough) recommended the following:

**Senate Amendment**

In title, delete lines 2 - 3  
and insert:  
An act relating to nonprofit religious organizations;  
amending s.



By Senator Yarborough

4-00896A-26

2026834\_\_

1 A bill to be entitled  
 2 An act relating to insurance requirements for  
 3 nonprofit religious organizations; amending s.  
 4 624.1265, F.S.; revising the conditions under which a  
 5 nonprofit religious organization is not subject to the  
 6 requirements of the Florida Insurance Code; providing  
 7 an effective date.  
 8  
 9 Be It Enacted by the Legislature of the State of Florida:  
 10  
 11 Section 1. Subsection (1) of section 624.1265, Florida  
 12 Statutes, is amended to read:  
 13 624.1265 Nonprofit religious organization exemption;  
 14 authority; notice.—  
 15 (1) A nonprofit religious organization is not subject to  
 16 the requirements of the Florida Insurance Code if the nonprofit  
 17 religious organization:  
 18 (a) Qualifies under Title 26, s. 501 of the Internal  
 19 Revenue Code of 1986, as amended;  
 20 (b) Limits its participants to those members who share a  
 21 common set of ethical or religious beliefs;  
 22 (c) Acts as a facilitator among participants who have  
 23 financial, physical, or medical needs to assist those with  
 24 financial, physical, or medical needs in accordance with  
 25 criteria established by the nonprofit religious organization;  
 26 (d) Provides for the financial or medical needs of a  
 27 participant through contributions from other participants, or  
 28 through payments directly from one participant to another  
 29 participant;

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

4-00896A-26

2026834\_\_

30 (e) Provides amounts that participants may contribute, with  
 31 no assumption of risk and no promise to pay:  
 32 1. Among the participants; or  
 33 2. By the nonprofit religious organization to the  
 34 participants;  
 35 (f) Provides a monthly accounting to the participants of  
 36 the total dollar amount of qualified needs actually shared in  
 37 the previous month in accordance with criteria established by  
 38 the nonprofit religious organization; and  
 39 (g) Conducts an annual audit that is performed by an  
 40 independent certified public accounting firm in accordance with  
 41 generally accepted accounting principles and that is made  
 42 available to the public by providing a copy upon request or by  
 43 posting on the nonprofit religious organization's website; and  
 44 ~~(h) Does not market or sell health plans through agents~~  
 45 ~~licensed by the department under chapter 626.~~  
 46 Section 2. This act shall take effect July 1, 2026.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



The Florida Senate

## Committee Agenda Request

**To:** Senator Joe Gruters, Chair  
Committee on Banking and Insurance

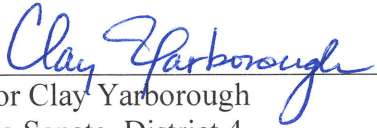
**Subject:** Committee Agenda Request

**Date:** December 16, 2025

---

I respectfully request that **Senate Bill #834**, relating to Insurance Requirements for Nonprofit Religious Organizations, be placed on the:

- ☐ committee agenda at your earliest possible convenience.
- ☒ next committee agenda.

  
\_\_\_\_\_  
Senator Clay Yarborough  
Florida Senate, District 4

The Florida Senate

**APPEARANCE RECORD**

S.B. 834

1/13/2026

Meeting Date

Deliver both copies of this form to  
Senate professional staff conducting the meeting

Bill Number or Topic

Banking & Insurance  
Committee

Amendment Barcode (if applicable)

Name JON RAWLSON

Phone 321-436-0836

Address 4767 New Broad St.  
Street

Email JON@ARMORYHILLADVOCATES.COM

Orlando 32814

City

State

Zip

Speaking:

☐

For

☒

Against

☐

Information

**OR**

Waive Speaking:

☐

In Support

☐

Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐

I am appearing without  
compensation or sponsorship.

☒

I am a registered lobbyist,  
representing:

Samaritan Ministries

☐

I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate

**APPEARANCE RECORD**

SB 834

1/13/25

Meeting Date

Deliver both copies of this form to  
Senate professional staff conducting the meeting

Bill Number or Topic

Banking & Insurance

Committee

Amendment Barcode (if applicable)

Name Aaron DiPietro

Phone 904-608-4471

Address PO Box 530103  
Street

Email aaron.d@flfamily.org

Orlando  
City

FL  
State

32853  
Zip

Speaking: ☐ For ☐ Against ☐ Information

**OR**

Waive Speaking: ☒ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐ I am appearing without  
compensation or sponsorship.

☒ I am a registered lobbyist,  
representing:

Florida Family Voice

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate  
**APPEARANCE RECORD**

Deliver both copies of this form to  
Senate professional staff conducting the meeting

1-13-26

Meeting Date

834

Bill Number or Topic

Banking Insurance  
Committee

Amendment Barcode (if applicable)

Name Devon Graham

Phone \_\_\_\_\_

Address \_\_\_\_\_  
Street

Email \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip 32309

Speaking: ☐ For ☒ Against ☐ Information

**OR**

Waive Speaking: ☐ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☒ I am appearing without  
compensation or sponsorship.

☐ I am a registered lobbyist,  
representing:

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

Volunteer of  
American Atheists

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

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S-001 (08/10/2021)

The Florida Senate

**APPEARANCE RECORD**

1/13/24

Meeting Date

834

Bill Number or Topic

Banking & Insurance

Committee

Deliver both copies of this form to  
Senate professional staff conducting the meeting

Amendment Barcode (if applicable)

Name

George Feijoo ("Fay-Joo")

Phone

305 720 7099

Address

108 S. Monroe St

Email

Street

Tallahassee

FL

32311

City

State

Zip

Speaking:

☒ For

☐ Against

☐ Information

**OR**

Waive Speaking:

☒ In Support

☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐

I am appearing without  
compensation or sponsorship.

☒

I am a registered lobbyist,  
representing:

Christian Cane  
ministry / MediShare

☐

I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate  
**APPEARANCE RECORD**

Deliver both copies of this form to  
Senate professional staff conducting the meeting

1/13/2024  
Meeting Date  
B+7  
Committee

SB 834  
Bill Number or Topic  
Amendment Barcode (if applicable)

Name Lindsey Swindle Phone 321-372-4408  
Address \_\_\_\_\_ Email Lswindle@Tccm.org  
Street  
\_\_\_\_\_  
City State Zip

Speaking: ☐ For ☐ Against ☐ Information **OR** Waive Speaking: ☐ In Support ☐ Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

☐ I am appearing without  
compensation or sponsorship.

☐ I am a registered lobbyist,  
representing:

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

*While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)*

This form is part of the public record for this meeting.

S-001 (08/10/2021)

1-13-26

Meeting Date

Committee on Banking and Insurance

Committee

The Florida Senate

## APPEARANCE RECORD

Deliver both copies of this form to  
Senate professional staff conducting the meeting

SB 834

Bill Number or Topic

Amendment Barcode (if applicable)

Name **Joel Noble**

Phone **888-726-4276**

Address **6000 N Forest Park Dr**

Email **joel.noble@samaritanministries.org**

Street

**Peoria**

City

**IL**

State

**61614**

Zip

Speaking: ☐ For ☐ Against ☐ Information **OR** Waive Speaking: ☐ In Support ☐ Against

### PLEASE CHECK ONE OF THE FOLLOWING:

☐ I am appearing without  
compensation or sponsorship.

☐ I am a registered lobbyist,  
representing:

☐ I am not a lobbyist, but received  
something of value for my appearance  
(travel, meals, lodging, etc.),  
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)



## The Florida Senate COMMITTEE VOTE RECORD

**Tab #: 7**  
**Sponsor:** Yarborough  
**Subject:** Insurance Requirements for Nonprofit Religious Organizations

FINAL VOTE			1/13/2026 Amendment 884114 <sup>1</sup>					
			Yarborough					
Yea	Nay	SENATORS	Yea	Nay	Yea	Nay	Yea	Nay
X		Boyd						
X		Burton						
X		Hooper						
X		Martin						
X		Osgood						
X		Passidomo						
X		Pizzo						
X		Truenow						
X		Sharief, VICE CHAIR						
X		Gruters, CHAIR						
10	0		RCS	-				
Yea	Nay	TOTALS	Yea	Nay	Yea	Nay	Yea	Nay

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: SB 1028

INTRODUCER: Senator Gruters

SUBJECT: Citizens Property Insurance Corporation

DATE: January 15, 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Knudson	Knudson	BI	<b>Fav/CS</b>
2.			AEG	
3.			FP	

---

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

SB 1028 requires Citizens Property Insurance Corporation (Citizens) to establish a commercial lines clearinghouse to which every commercial residential and commercial nonresidential risk insured by Citizens or that has applied for Citizens coverage must be submitted so that approved surplus lines clearinghouse insurers may offer coverage to such risk. The commercial clearinghouse for surplus lines will be established by January 1, 2027.

Citizens must establish and maintain the operational systems and procedures necessary to implement the commercial lines clearinghouse. Citizens shall, in creating the commercial lines clearinghouse, establish criteria to determine that capabilities necessary for the commercial lines clearinghouse administrator. For facilitating offers of surplus lines coverage, such criteria must include confirmed expertise in the surplus lines market, at least 5 years of publicly available audited financial statements, the ability to facilitate all approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse on terms established by the corporation, and other criteria that the corporation determines necessary. To establish the commercial clearinghouse by January 1, 2027, for offers of surplus lines insurance, Citizens may engage in single-source procurement without receiving competitive bids as allowed by s. 287.057(3)(c), F.S., for situations when commodities or services are available only from a single source. The result of the procurement will be to establish a commercial lines clearinghouse administrator to provide administrative or professional services to administer the commercial lines clearinghouse. Citizens must select a commercial lines clearinghouse administrator within 90 days of the effective date of this bill (upon becoming law).

Citizens may allow the commercial lines clearinghouse administrator to establish procedures and account clearance requirements the commercial lines clearinghouse administrator deems necessary to ensure an orderly process for offers of coverage to be provided by approved surplus lines clearinghouse insurer. The commercial lines clearinghouse administrator may charge approved surplus lines clearinghouse insurers and surplus lines agents participating in the program reasonable transaction, technology, administration, and other fees.

The bill allows “approved surplus lines clearinghouse insurers” to make offers of surplus lines coverage to current Citizens policyholders and applicants to Citizens for coverage of commercial residential and commercial nonresidential risks. An “approved surplus lines clearinghouse insurer” is defined as an eligible surplus lines insurer that has a financial strength rating of “A-” or higher and a financial size category of at least “A-VII” from A.M. Best Company and that the commercial clearinghouse administrator recommends for participation in the commercial lines clearinghouse. Such recommendation is submitted to the Office of Insurance Regulation (OIR), which has 5 days to verify that the surplus lines insurer meets the standards for approval.

An offer of coverage by an approved surplus lines clearinghouse insurer has no effect on the eligibility of a commercial residential or commercial nonresidential risk for Citizens coverage.

If an offer of commercial residential or commercial nonresidential coverage from an approved surplus lines clearinghouse insurer is rejected in favor of accepting new or renewed Citizens coverage, Citizens must impose a premium equalization adjustment on such policy equal to the amount by which the total cost of insurance coverage offered by the approved surplus lines clearinghouse insurer exceeds the total cost of insurance coverage from Citizens if:

- The approved surplus lines clearinghouse insurer offers coverage that has material terms and conditions that are substantially equivalent to or better than coverage from Citizens as to all aspects of such coverage, as determined by Citizens; and
- The total cost for the coverage offered by the approved surplus lines clearinghouse insurer is not more than 20 percent greater than total cost of the Citizens premium (or the Citizens renewal premium if a Citizens policyholder receives the offer at renewal). Total cost includes, but is not limited to, premiums, fees, surcharges, and applicable taxes.

If a risk receives multiple clearinghouse offers from approved surplus lines clearinghouse insurers, the offer for the lowest total cost is applied for purposes of applying requirements related to a premium equalization surcharge.

Any premium equalization adjustment is only applied for one policy term.

The bill also requires Citizens to establish by January 1, 2028, a clearinghouse to facilitate offers of coverage on commercial lines residential and commercial lines nonresidential risks by authorized insurers.

Citizens may also establish a commercial lines clearinghouse to facilitate offers of coverage on commercial risks by authorized insurers.

The bill is effective upon becoming law.

## **II. Present Situation:**

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

The Office of Insurance Regulation (OIR) regulates specified insurance products, insurers and other risk bearing entities in Florida.<sup>1</sup> As part of their regulatory oversight, the OIR may suspend or revoke an insurer's certificate of authority under certain conditions.<sup>2</sup> The OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.<sup>3</sup> As part of the examination process, all persons being examined must make available to the OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.<sup>4</sup> The OIR is also authorized to conduct market conduct examinations to determine compliance with applicable provisions of the Insurance Code.<sup>5</sup>

Insurance companies that transact insurance in Florida or that have offices located in the state are required to obtain a certificate of authority (COA) issued by the OIR pursuant to s. 624.401, F.S. These companies, referred to as authorized or admitted insurers,<sup>6</sup> are broadly regulated by the OIR under the Insurance Code as to reserves, surplus as to policyholders, solvency, rates and forms, market conduct, permissible investments, and affiliate relationships.<sup>7</sup> Authorized insurers are also required to participate in a variety of government mandated insurance programs and pay assessments levied by state guaranty funds in the event of insurer insolvencies.<sup>8</sup>

### **Surplus Lines Insurance**

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

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<sup>1</sup> Section 20.121(3)(a), F.S. The Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, serves as agency head of the Office of Insurance Regulation for purposes of rulemaking. Further, the Financial Services Commission appoints the commissioner of the Office of Insurance Regulation.

<sup>2</sup> Section 624.418, F.S.

<sup>3</sup> Section 624.316(1)(a), F.S.

<sup>4</sup> Section 624.318(2), F.S.

<sup>5</sup> Section 624.3161, F.S.

<sup>6</sup> An "authorized" or "admitted" insurer is one duly authorized by a COA to transact insurance in this state.

<sup>7</sup> The Insurance Code consists of chs. 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S.

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

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

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

Rates charged by a surplus lines carrier must not be lower than the rate applicable and in use by the majority of the authorized insurers writing similar coverages on similar risks in Florida.<sup>12</sup> Likewise, a surplus lines policy contract form must not be more favorable to the insured as to the coverage or rate offered by the majority of authorized carriers.<sup>13</sup> Except as specifically stated as applicable, surplus lines insurers are not subject to regulation under ch. 627, F.S., of the Florida Insurance Code, which includes, in part, provisions related to ratings standards and contracts.<sup>14</sup> In the event of a surplus lines insurer’s insolvency, surplus lines policies are not protected under the Florida Insurance Guaranty Act. Each insured obtaining a surplus lines policy must sign or acknowledge the following disclosure:

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 Guarantee Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer. Additionally, surplus lines insurers’ policy rates and forms are not approved by any Florida regulatory agency.

### **Citizens Property Insurance Corporation—Overview**

Citizens Property Insurance Corporation (Citizens) is a state-created, not-for-profit, tax-exempt governmental entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage in the voluntary admitted market.<sup>15</sup> Citizens is not a private insurance company.<sup>16</sup> Citizens was statutorily created in 2002 when the Florida Legislature combined the state’s two insurers of last resort, the Florida Residential Property and Casualty Joint Underwriting Association (RPCJUA) and the Florida Windstorm Underwriting Association (FWUA).<sup>17</sup>

Citizens operates in accordance with the provisions in s. 627.351(6), F.S., and is governed by a nine-member Board of Governors (board) that administers its Plan of Operations. The Plan of Operations is reviewed and approved by the Financial Services Commission.<sup>18</sup> The Governor, President of the Senate, Speaker of the House of Representatives, and Chief Financial Officer each appoint two members to the board.<sup>19</sup> The Governor appoints an additional member who

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

<sup>11</sup> Section 626.915, F.S.

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

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

<sup>14</sup> Section 626.913(4), F.S.

<sup>15</sup> The term “admitted market” means insurance companies licensed to transact insurance in Florida.

<sup>16</sup> Section 627.351(6)(a)1., F.S.

<sup>17</sup> Section 2, ch. 2002-240, Laws of Fla.

<sup>18</sup> Section 627.351(6)(a)2., F.S.

<sup>19</sup> Section 627.351(6)(c)4.a., F.S.

serves solely to advocate on behalf of the consumer.<sup>20</sup> Citizens is subject to regulation by the Office of Insurance Regulation (OIR).

### ***Types of Property Insurance Issued by Citizens***

Florida law requires Citizens to offer personal lines residential coverage, commercial lines residential coverage, and commercial lines nonresidential coverage on forms approved by the OIR.<sup>21</sup> Specifically, Citizens offers the following types of property insurance:

- Standard personal lines policy forms that are comprehensive multiperil policies providing full coverage of a residential property equivalent to the coverage provided in the private insurance market under an HO-3, HO-4, or HO-6 policy.
  - HO-3: Covers a home against all perils except those specifically excluded in the policy. Also covers personal property damaged by a covered peril. Covers the home replacement cost value and personal property at actual cash value. It is the most common type of homeowner's insurance policy.<sup>22</sup>
  - HO-4: Renter's insurance that covers the personal property of tenants damaged by a broad list perils specifically listed in the policy.<sup>23</sup>
  - HO-6: Insurance that covers the personal property of condominium unit owners or cooperative unit owners. It also covers certain building items in which the unit owner may have an insurable interest.<sup>24</sup>
- Basic personal lines policy forms that are policies similar to an HO-8 policy or a dwelling fire policy that provide coverage meeting the requirements of the secondary mortgage market, but which is more limited than the coverage under a standard policy.
  - HO-8: Covers a home and personal property but only if damage or loss is due to perils specifically listed in the policy. Covers the home and personal property for their actual cash value. Used for homes at least 40 years old, where the cost to rebuild is greater than the home's market value.<sup>25</sup>
  - Dwelling Fire: Covers dwellings, other detached structures, and contents for loss caused by perils specially named in the policy. Usually written when residential property does not qualify for homeowners insurance or when the home is not owner-occupied.<sup>26</sup>
- Personal lines coverage covering manufactured homes and mobile homes.<sup>27</sup>

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<sup>20</sup> Section 627.351(6)(c)4., F.S.

<sup>21</sup> Section 627.736(c)1., F.S.

<sup>22</sup> National Association of Insurance Commissioners, *A Shopping Tool for Homeowners Insurance*, pg. 7 (2023) [https://content.naic.org/sites/default/files/committees\\_c\\_trans\\_read\\_wg\\_related\\_shopping\\_tool\\_singles.pdf](https://content.naic.org/sites/default/files/committees_c_trans_read_wg_related_shopping_tool_singles.pdf) (last accessed January 12, 2026).

<sup>23</sup> National Association of Insurance Commissioners, *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium Unit Owners Insurance Report: Data for 2022*, pg. 4 (May 2025) <https://content.naic.org/sites/default/files/publication-hmr-zu-homeowners-report.pdf> (January 12, 2026).

<sup>24</sup> *See id.*

<sup>25</sup> National Association of Insurance Commissioners, *A Shopping Tool for Homeowners Insurance*, pg. 7 (2023) [https://content.naic.org/sites/default/files/committees\\_c\\_trans\\_read\\_wg\\_related\\_shopping\\_tool\\_singles.pdf](https://content.naic.org/sites/default/files/committees_c_trans_read_wg_related_shopping_tool_singles.pdf) (last accessed January 12, 2026).

<sup>26</sup> Citizens Property Insurance Corporation, *Insurance 101 – Policy Types – Personal Policies*, <https://www.citizensfla.com/es/personal-policies> (last accessed January 12, 2026).

<sup>27</sup> *See id.*

- Mobile Homeowners MHO-3: Covers owner-occupied manufactured homes and mobile homes. Covers the dwelling, other structures on the property, and the owner's personal property.
- Mobile Home Dwelling Fire MDP-1: Covers manufactured homes and mobile homes that are tenant occupied or otherwise do not qualify for an MHO-3 policy. Covers the dwelling and the owner's personal property.
- Mobile Home Renter's: Covers the tenant's personal property; does not cover the structure.
- Commercial lines residential and nonresidential policy forms that are generally similar to the basic perils of full coverage obtainable for such structures in the admitted voluntary market.
  - Commercial Residential: Covers commercial properties used for residential purposes. Examples include apartment buildings, the parts of condominium that are the responsibility of a condominium association (generally, the building envelope and common areas), continuing care retirement community residential buildings, and homeowners association owned common property and residential buildings.<sup>28</sup>
  - Commercial Nonresidential: Covers commercial operated nonresidential property.

Citizens also offers wind-only coverage versions of their HO-3, HO-4, HO-6, and mobile homeowners coverages which are available only in certain coastal areas of the state.<sup>29</sup>

### ***Eligibility for Insurance in Citizens***

Citizens is required to provide a procedure for determining the eligibility of a potential risk for insurance in Citizens and provide specific eligibility requirements based on premium amounts, value of the property insured, and the location of the property.<sup>30</sup> Risks not meeting the statutory eligibility requirements cannot be insured by Citizens. Citizens has additional eligibility requirements set out in their underwriting rules. These rules are approved by the OIR and are set out in Citizens' underwriting manuals.<sup>31</sup>

### ***Residential Risks - Eligibility Based on Premium Amount***

An applicant for personal lines residential insurance or commercial lines residential insurance cannot buy insurance in Citizens if an authorized insurer in the private market offers the applicant insurance for a premium that does not exceed the Citizens premium by 20 percent or more.<sup>32</sup> The coverage offered by the private insurer must be comparable to Citizens coverage. Similarly, a personal lines residential or commercial lines residential policyholder may not renew insurance in Citizens if an authorized insurer offers to insure the property at a premium no more than 20 percent greater than the Citizens renewal premium.<sup>33</sup> The insurance coverage offered

<sup>28</sup> Citizens Property Insurance Corporation, *Insurance 101 – Policy Types – Commercial Policies*, <https://www.citizensfla.com/es/commercial-policies> (last accessed November 12, 2026).

<sup>29</sup> See s. 627.351(2)(c) and s. 627.351(6)(c)1., F.S.

<sup>30</sup> Section 627.351(6)(c)5., F.S.

<sup>31</sup> See Citizens Property Insurance Corporation, *PIF Standard Summary Report for Period Ending Nov. 30, 2023 (December 6, 2023)* (On file with the Florida Senate Banking and Insurance Committee).

<sup>32</sup> Section 627.351(6)(c)5., F.S.

<sup>33</sup> Section 627.351(6)(c)5.a., F.S.

from the private market insurer must be comparable to the insurance from Citizens in order for the eligibility requirement for renewal premium to apply.<sup>34</sup>

***Residential Risks - Eligibility Based on Value of Property Insured***

In addition to the eligibility restrictions based on premium amount, current law provides eligibility restrictions for homes and condominium units based on the value of the property insured.<sup>35</sup> Structures with a dwelling replacement cost of \$700,000 or more, or a single condominium unit that has a combined dwelling and contents replacement cost of \$700,000 or more, are not eligible for coverage with Citizens.<sup>36</sup> However, Citizens is allowed to insure structures with a dwelling replacement cost, or a condominium unit with a dwelling and contents replacement cost, of one million dollars or less in Miami-Dade and Monroe counties, after the OIR determined these counties to be non-competitive.<sup>37</sup>

***Nonresidential Risks – Eligibility Based on an Offer of Coverage***

Commercial nonresidential risks cannot buy or renew insurance in Citizens upon receiving any offer of coverage from an authorized insurer.

**Citizens Rates**

Rates for coverage provided by Citizens must be actuarially sound pursuant to s. 627.062, F.S., and not competitive with approved rates charged in the admitted voluntary market.<sup>38</sup> Section 627.062, F.S., provides that rates may not be excessive, inadequate, or unfairly discriminatory. Citizens must file its rates with OIR at least annually. The OIR then must consider the recommended rate made by Citizens and issue a final order establishing Citizens rates. Citizens may not pursue an administrative challenge or judicial review of the OIR order.

***Citizens “Glidepath” Rates***

From 2007 until 2010, Citizens rates were frozen by statute at the level that had been established in 2006.<sup>39</sup> In 2010, the Legislature established a “glidepath” to impose annual rate increases up to a level that is actuarially sound. Under the original established glidepath, Citizens had to implement an annual rate increase which, except for sinkhole coverage, does not exceed 10 percent above the previous year for any individual policyholder, adjusted for coverage changes and surcharges.<sup>40</sup> In 2021, the Legislature revised this glidepath to increase it one percent per year to up to 15 percent, as follows:<sup>41</sup>

- 11 percent for 2022.
- 12 percent for 2023.
- 13 percent for 2024.

<sup>34</sup> *Id.*

<sup>35</sup> Section 627.351(6)(a)3., F.S.

<sup>36</sup> Section 627.351(6)(a)3.d., F.S.

<sup>37</sup> The OIR, Final Order Case No: 165625-14, Dec. 22, 2014, <https://www.flair.com/siteDocuments/Citizens165625-14-O.pdf>; See also Section 627.351(6)(a)3.d., F.S., and Citizens, *Update to Maximum Coverage Limits*, Nov. 12, 2019, <https://www.citizensfla.com/-/2019-roof-permits-acceptable-for-fbc-credits> (all sites last visited January 10, 2024).

<sup>38</sup> Section 627.351(6)(n), F.S.

<sup>39</sup> Section 15, ch. 2006-12, Laws of Fla.

<sup>40</sup> Section 10, ch. 2009-87, Laws of Fla.

<sup>41</sup> Section 627.351(6)(n)5., F.S.



- 14 percent for 2025.
- 15 percent for 2026 and all subsequent years.

The implementation of this increase ceases when Citizens has achieved actuarially sound rates.<sup>42</sup> In addition to the overall glidepath rate increase, Citizens can increase its rates to recover the additional reimbursement premium it incurs as a result of the annual cash build-up factor added to the price of the mandatory layer of the Florida Hurricane Catastrophe Fund coverage, pursuant to s. 215.555(5)(b), F.S.<sup>43</sup> New or renewal personal lines policies that do not cover a primary residence<sup>44</sup> are not subject to the rate glidepath, but the rates on such policies may not be charged more than 50 percent above, nor less than, the prior year's rate.<sup>45</sup>

### Citizens Depopulation

The number of policies written by Citizens has significantly decreased in the aftermath the legislature's statutory changes enacted during the December 2022 Special Session and the 2023 Regular Session.<sup>46</sup> Citizens had 1,407,805 policies in force as of September 20, 2023.<sup>47</sup> Citizens' policies in force dropped below 1 million (988,901) in November 2024<sup>48</sup>, and dropped below 500,000 in November 2025 to a policy count of 437,095.<sup>49</sup>

Citizens policies in force for commercial lines have also dropped significantly from 2023 to November 2025.

Date	Commercial Residential Policies	Total Insured Value	Commercial Non-Residential Policies	Total Insured Value
12/31/2023	7,654	\$102.653 Billion	5,878	\$6.125 Billion
12/31/2024	6,176	\$73.550 Billion	5,274	\$5.683 Billion
11/30/2025	2,995	\$24.548 Billion	3,417	\$3.713 Billion

### Citizens Depopulation – Takeout Program

<sup>42</sup> Section 627.351(6)(n)7., F.S.

<sup>43</sup> Section 627.351(6)(n)6., F.S.

<sup>44</sup> Section 627.351(6)(n)9., F.S., defines “primary residence” as “the dwelling that is the policyholder’s home or is a rental property that is the primary home of the tenant, and which the policyholder or tenant occupies for more than 9 months of each year.”

<sup>45</sup> Section 627.351(6)(n)8., F.S.

<sup>46</sup> The Citizens policy count fluctuated and overall slightly increased from January 2023 (1,167,579 policies in force) through September 2024 (1,263,055 policies in force). However, beginning October 2024, the Citizens policy count began decreasing significantly, dropping from 1,263,055 policies in force as of September 30, 2024, to 437,085 policies in force as of November 30, 2025.

<sup>47</sup> Citizens Property Insurance Corporation, Detail by Account, (September 30, 2023)

<https://www.citizensfla.com/documents/20702/29445101/20230930+Detail+by+Account.pdf/5dd8e99a-ac67-d93a-9d40-f18348bf06c4?t=1706637209300> (last accessed January 12, 2026).

<sup>48</sup> Citizens Property Insurance Corporation, Detail by Product Line, (November 30, 2024)

<https://www.citizensfla.com/documents/20702/30188287/20241130+Detail+by+Product.pdf/4fc5426c-7390-8fab-e0dc-d6cd15857f64?t=1735247306640> (last accessed January 12, 2026).

<sup>49</sup> Citizens Property Insurance Corporation, *Detail by Product Line*, (November 30, 2025)

<https://www.citizensfla.com/documents/20702/30188300/20251130+Detail+by+Product+Line.pdf/0fe5d878-787a-ac35-83ad-af5fc032ca99?t=1766439961105> (last accessed Jan. 12, 2026).

The primary mechanism for the recent depopulation of Citizens personal lines risks is the Citizens take-out program. The take-out program allows authorized private market property insurers to select Citizens policies for the purpose of offering coverage. Generally, this entails offering coverage to thousands of Citizens personal lines policyholders. Section 627.351(6)(ii), F.S., sets forth the following requirements for the Citizens take-out program:

- Citizens must publish a period schedule of cycles during which an insurer may identify, and notify the corporation of, policies that the insurer is requesting to take out.
- An insurers request to take out a Citizens policy must include a description of the coverage offered and an estimated premium and must be submitted to Citizens in a form and manner prescribed by the corporation.
- Citizens must maintain and make available to the agent of record a consolidated list of all insurers requesting to take out a policy. The list must include a description of the coverage offered and the estimated premium for each take-out request.
- If a policyholder receives a take-out offer from an authorized insurer on a primary residence, the risk is ineligible for Citizens if comparable coverage is offered and the premium offered is not more than 20 percent greater than the Citizens renewal premium.
- Citizens must provide written notice to the policyholder and the agent of record regarding all insurers requesting to take out the policy. The notice must disclose the estimated premium for the offered coverage, describe the offered coverage, and compare the estimated premium and coverage offered by the private market insurer to the estimated premium and coverage provided by Citizens.

Any insurer seeking to participate in the Citizens take-out program must submit a depopulation plan and additional documentation to the OIR.<sup>50</sup> If the OIR finds that the insurer has the financial resources and business plan in place to properly pay claims, the OIR will issue a consent order indicating the number of policies the insurer may take from Citizens, the assumption date when the insurer will take over coverage, and any additional stipulations.<sup>51</sup> In 2025, the OIR approved 35 take-out programs.<sup>52</sup>

Effective July 1, 2024, surplus lines insurers meeting certain criteria and approved by the OIR may submit take-out offers on personal lines residential risks insured by Citizens, or for which Citizens has received an application for coverage, if such risks are not primary residences or do not have a valid homestead exemption under ch. 193, F.S.<sup>53</sup> A “primary residence” is defined as a dwelling that is the policyholder’s primary home or is a rental property that is the primary home of the tenant, and which the policyholder or tenant occupies for more than nine months of each year.<sup>54</sup> A take-out offer from an approved surplus lines insurer will only render a Citizens policyholder ineligible for Citizens if the premium offered does not exceed the Citizens premium

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<sup>50</sup> See Office of Insurance Regulation, *Requirements for Requesting Approval to Participate in the Depopulation Program*, (November 5, 2024) [https://floir.gov/docs-sf/property-casualty-libraries/take-out-companies/take-out-companies-page-docs/requirements-to-participate-in-the-citizens-depopulation-program-updated.pdf?sfvrsn=7e82e876\\_4](https://floir.gov/docs-sf/property-casualty-libraries/take-out-companies/take-out-companies-page-docs/requirements-to-participate-in-the-citizens-depopulation-program-updated.pdf?sfvrsn=7e82e876_4) (last accessed January 12, 2026).

<sup>51</sup> Office of Insurance Regulation, *Take-Out Companies*, <https://floir.gov/property-casualty/take-out-companies> (last accessed January 12, 2026).

<sup>52</sup> See Office of Insurance Regulation, *Take-Out Companies: 2025 Company Approvals*, <https://floir.gov/property-casualty/take-out-companies> (last accessed January 12, 2026).

<sup>53</sup> See section 1 of chapter 2004-179, Laws of Florida.

<sup>54</sup> Section 627.351(6)(c)2.a.(III), F.S.

on comparable coverage by more than 20 percent; this is the standard that applies to take-out offers from authorized insurers. Only surplus lines insurers that are approved to participate by the OIR may participate in the take-out program. To obtain approval, the surplus lines insurer must apply to the OIR to participate in the take-out process, provide data to the OIR related to coverage and rates, and file rates for review with the OIR for the take-out offer. The surplus lines insurer must also meet certain criteria such as having an “A-” financial strength rating from A.M. Best and having a personal lines residential risk program that is managed by a Florida resident surplus lines broker.

### **Citizens Depopulation – Clearinghouse Program**

The Citizens policyholder eligibility clearinghouse program was established in s. 627.3518, F.S., by the Legislature in 2013.<sup>55</sup> The program is designed to ensure a risk is eligible for Citizens coverage before being insured or renewed with Citizens. Under the program, new and renewal personal lines residential policies for Citizens are placed into the clearinghouse where participating private insurers can review and decide to make offers of coverage before policies are placed or renewed with Citizens.<sup>56</sup> An applicant for new coverage, or an insured for renewed coverage, is not eligible for coverage from Citizens if the premium offered from an authorized insurer is at or below the eligibility threshold for new personal lines residential risks of more than 20 percent.<sup>57</sup>

Section 627.3518, F.S., directs Citizens to also develop appropriate procedures for facilitating the diversion of ineligible applicants and existing policyholders for commercial residential coverage in the private insurance market.<sup>58</sup> Accordingly, Citizens requires the insurance agent for the commercial residential risk to demonstrate the agent presented the risk to at least one authorized insurer which either declined the risk or made an offer of coverage that does not render the risk ineligible for Citizens.<sup>59</sup> The reasons a private market offer would not make a risk ineligible for Citizens coverage are that because the coverage offered by the private market insurer is not comparable to the Citizens coverage as to forms and coverages that are reasonably comparable or the premium on comparable coverage is more than 20% higher than the Citizens premium or renewal premium for the risk.<sup>60</sup>

## **III. Effect of Proposed Changes:**

### **Establishment of Citizens Commercial Lines Clearinghouse**

The bill requires Citizens to establish a commercial lines clearinghouse to which every commercial residential and commercial nonresidential risk insured by Citizens or that has applied for Citizens coverage must be submitted so that approved surplus lines insurers may offer coverage for such risk. The commercial clearinghouse will be established by January 1,

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<sup>55</sup> Section 10, ch. 2013-60, Laws of Fla.

<sup>56</sup> Section 627.3518(2)-(3), F.S.

<sup>57</sup> Section 627.3518(5), F.S.

<sup>58</sup> Section 627.3518(2), F.S.

<sup>59</sup> Citizens Property Insurance Corporation, *Commercial Lines Current State and Clearinghouse*, pg. 6. (Received by the Banking and Insurance Committee on January 8, 2026; on file with the Senate Banking and Insurance Committee).

<sup>60</sup> See Subparagraphs c. and d. of Section 627.351(6)(c)5., F.S.

2027, to facilitate offers from approved surplus lines insurers. The bill provides detailed requirements for the new commercial lines clearinghouse for surplus lines insurance offers. Citizens may also establish a commercial lines clearinghouse to facilitate offers of coverage on such risks by authorized insurers, but other than this authorization and language providing that current Citizens eligibility standards would apply to offers from authorized insurers, the bill generally does not address standards for establishing a commercial lines clearinghouse for authorized insurers.

*Citizens' Rights and Responsibilities in Establishing the Clearinghouse Program.*

The bill provides that in establishing a commercial lines clearinghouse, Citizens has all of the following rights and responsibilities:

Submission of Policies to the Clearinghouse - Must require to be submitted to the commercial clearinghouse all new applications for commercial residential and commercial nonresidential coverage and all such policies that are due for renewal.

Adoption of Systems and Procedures - Citizens must establish and maintain the operational systems and procedures necessary to implement the commercial lines clearinghouse. Citizens may allow the commercial lines clearinghouse administrator to establish procedures and account clearance requirements the commercial lines clearinghouse administrator deems necessary to ensure an orderly process for offers of coverage to be provided by approved surplus lines clearinghouse insurers participating in the commercial lines clearinghouse and to avoid multiple offers of coverage from the same insurer for the same risk.

Procure and Contract for Services - Citizens may employ or contract for appropriate administrative or professional services in accordance with purchasing requirements in s. 627.351, F.S.

Engage in Single-Source Procurement - To establish the commercial clearinghouse by January 1, 2027, for offers of surplus lines insurance, Citizens may engage in single-source procurement without receiving competitive bids as allowed by s. 287.057(3)(c), F.S., for situations when commodities or services are available only from a single source. The result of the procurement will be to establish a commercial lines clearinghouse administrator to provide administrative or professional services to administer the commercial lines clearinghouse. Citizens must select a commercial lines clearinghouse administrator within 90 days of the effective date of this bill (upon becoming law).

Contract with Insurers - Citizens may enter into contracts with approved surplus lines clearinghouse insurers.

Funding the Clearinghouse; Fees Charged by Commercial Lines Clearinghouse Administrator – Citizens may provide funds to operate the program. Current law prohibits requiring participating agents and insurers to pay fees to offset program costs, but the bill creates an exception stating that the commercial lines clearinghouse administrator may charge approved surplus lines clearinghouse insurers and surplus lines agents participating in the program reasonable transaction, technology, administration, and other fees.

Enhanced Citizens Application - Citizens may develop an enhanced application that includes information to assist private insurers in determining whether to offer coverage through the clearinghouse.

Waiting Period Allowing Insurers to Make Clearinghouse Offers - Citizens may require that all new applications for commercial lines coverage with Citizens be subject to a period of 5 business days when an insurer participating in the program may select the application for coverage.

Criteria for Commercial Lines Clearinghouse Administrator - Citizens shall, in creating the commercial lines clearinghouse, establish criteria to determine that capabilities necessary for the commercial lines clearinghouse administrator. For facilitating offers of surplus lines coverage, such criteria must include confirmed expertise in the surplus lines market, at least 5 years of publicly available audited financial statements, the ability to facilitate all approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse on terms established by the corporation, and other criteria that the corporation determines necessary to effectively establish, administer, and manage offers of surplus lines coverage through the commercial lines clearinghouse.

Submission of Policy Information to the Commercial Lines Clearinghouse Administrator – Citizens must submit to the commercial lines clearinghouse administrator its coverage terms and conditions, deductible structures, and its unalterable indicated total cost of insurance coverage for the subject risk before any approved surplus lines clearinghouse insurer is provided a submission for coverage pursuant to the clearinghouse program by any applicant for new coverage from the corporation or any policyholder of Citizens.

- The commercial lines clearinghouse administrator shall provide the corporation's unalterable indicated coverage terms and conditions and deductible structures, but may not provide the indicated total cost of corporation insurance coverage, to the approved surplus lines clearinghouse insurers participating in the program.
- The commercial lines clearinghouse administrator shall then use the corporation's unalterable indication to determine whether any offers of coverage from approved surplus lines clearinghouse insurers satisfy specified statutory requirements.
- Citizens may not bind or otherwise communicate, indicate, or make an offer of coverage to an applicant or policyholder, or its agent, or otherwise accept coverage until 5 business days have elapsed from the date that it provided its unalterable indication to the commercial lines clearinghouse administrator unless the time limit is waived in writing. This validation period applies regardless of any proposed effective date, renewal date, or expiration date of the policy and may not be shortened or bypassed based on timing considerations relating to binding or renewal.

*Surplus Lines Insurers that May Make Coverage Offers Through the Citizens Commercial Lines Clearinghouse*

Approved Surplus Lines Clearinghouse Insurers

The bill allows "approved surplus lines clearinghouse insurers" to make offers of surplus lines coverage to current Citizens policyholders and applicants to Citizens for coverage of commercial residential and commercial nonresidential risks. An "approved surplus lines clearinghouse

insurer” is defined as an eligible surplus lines insurer that has a financial strength rating of “A-” or higher and a financial size category of at least “A-VII” from A.M. Best Company and that the commercial clearinghouse administrator recommends for participation in the commercial lines clearinghouse. Such recommendation is submitted to the OIR, which has 5 days to verify that the surplus lines insurer meets the standards for approval.

*Duties and Powers of Insurers Participating in the Citizens Commercial Lines Clearinghouse*

Approved surplus lines clearinghouse insurers have the following duties and powers regarding the Citizens commercial lines clearinghouse:

Participation Limited to the Commercial Clearinghouse - May participate in the commercial lines clearinghouse but may not participate in the personal lines clearinghouse.

Appointment of Agents –

- May appoint a surplus lines agent whose direct or indirect customer is initially underwritten and bound through the clearinghouse program.
- Must enter into a limited agency agreement with each surplus lines agent that is not appointed and whose customer is underwritten and bound through the clearinghouse program.
  - Such surplus lines agent must also enter into a limited agency or broker agreement with each producing agent whose customer is underwritten and bound through the program.
- Must enter into its standard agency agreement with each surplus lines agent whose customer is underwritten and bound through the clearinghouse program if such agent is appointed by the surplus lines insurer pursuant to s. 626.112, F.S.
  - Such surplus lines agent must also enter into a limited agency or broker agreement with each producing agent whose customer is underwritten and bound through the program.

Notice of Nonrenewal or Cancellation - Must comply with s. 626.9201, F.S., which provides requirements to surplus insurers to provide notice of nonrenewal or notice of cancellation. Generally, surplus lines insurers must provide 45 days’ written notice of nonrenewal, 10 days’ written notice of cancellation for nonpayment of premium, 20 days’ written notice of cancellation during the first 90 days the insurance is in force if cancellation is not for nonpayment of premium.

- Section 626.9201, F.S., also prohibits surplus lines insurers from cancelling or nonrenewing a commercial residential policy damaged by a hurricane or wind loss until 90 days after repairs are complete if the hurricane or wind loss is the subject of a declaration of emergency under s. 252.56, F.S., and the subject of an OIR order. A shorter 45 day notice requirement applies if the insurer has paid policy limits, if the insured fails within 30 days to respond to the insurer’s inquiry regarding repairs, or for a material misstatement or fraud related to the claim. A 10 day notice period applies for nonpayment of premium.

Participation - May participate through their single-designated managing general agent or broker or surplus lines agent.

Agent Commissions - Must pay a total commission or equivalent compensation on gross written premium, exclusive of fees, surcharges, and taxes, to the surplus lines agent, managing general agent, or managing general underwriter placing the risk. The surplus lines agent, managing general agent, or managing general underwriter must pay the producing agent a commission that results in an effective commission percentage at least equal to the commission percentage published by Citizens and in effect on January 1, 2026, calculated in the same manner and on the same basis used by Citizens, and shall retain the remainder of the total commission or equivalent compensation. An agent may voluntarily accept a lower commission at the agent's sole discretion. An "effective commission percentage" means the commission expressed as a percentage of premium, exclusive of all fees, assessments, surcharges, and taxes

*Effect of an Insurer's Offer of Coverage Through the Commercial Clearinghouse on Eligibility for and the Cost of Citizens Coverage*

Offers from Approved Surplus Lines Clearinghouse Insurers

An offer of coverage by an approved surplus lines clearinghouse insurer has no effect on the eligibility of a commercial residential or commercial nonresidential risk for Citizens coverage.

If an offer of commercial residential or commercial nonresidential coverage from an approved surplus lines clearinghouse insurer that is rejected in favor of accepting new or renewed Citizens coverage, Citizens must impose a premium equalization adjustment on such policy equal to the amount by which the total cost of insurance coverage offered by the approved surplus lines clearinghouse insurer exceeds the total cost of insurance coverage from Citizens if:

- The approved surplus lines clearinghouse insurer offers coverage that has material terms and conditions that are substantially equivalent to or better than coverage from Citizens as to all aspects of such coverage, as determined by Citizens; and
- The total cost for the coverage offered by the approved surplus lines clearinghouse insurer is not more than 20 percent greater than total cost of the Citizens premium (or the Citizens renewal premium if a Citizens policyholder receives the offer at renewal). Total cost includes, but is not limited to, premiums, fees, surcharges, and applicable taxes.

If a risk receives multiple clearinghouse offers from approved surplus lines clearinghouse insurers, the offer for the lowest total cost is applied for purposes of applying requirements related to a premium equalization surcharge.

Any premium equalization adjustment is only applied for one policy term.

The bill does not address or change current law under which any offer of coverage by an authorized insurer renders a commercial nonresidential risk ineligible for Citizens.

Offers from Authorized Insurers

An offer of coverage by an authorized insurer to provide commercial residential coverage renders the risk ineligible for Citizens if:

- The authorized insurer offers coverage that is comparable to coverage provided by Citizens; and

- The premium for the coverage offered by the authorized insurer is not more than 20 greater than the Citizens premium (or the Citizens renewal premium if a Citizens policyholder receives the offer at renewal).

Citizens premiums on a risk are not affected by clearinghouse offers from authorized insurers.

#### *Independent Agents*

The bill provides that contracts between an independent agent and Citizens, any insurer, or any surplus lines agent do not amend, modify, interfere with, or limit the independent agent's rights of ownership of specified records and information directly related to applications or renewals written through the program or an insurer participating in the program.

The bill specifies that an independent agent may enter into agreements with a surplus lines agent.

#### **Effective Date**

The bill is effective upon becoming law.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

##### **D. State Tax or Fee Increases:**

None.

##### **E. Other Constitutional Issues:**

None.

#### **V. Fiscal Impact Statement:**

##### **A. Tax/Fee Issues:**

None.



**B. Private Sector Impact:**

The bill will facilitate the diversion of commercial residential and commercial nonresidential risks from Citizens and into the surplus lines insurance market. Those offers may result in lower premium offers or more expansive coverage from approved surplus lines clearinghouse insurers. The cost of such insurance from Citizens will increase if an offer of coverage results in the application or a premium equalization adjustment.

**C. Government Sector Impact:**

Citizens may incur costs related to implementing and maintaining the clearinghouse for commercial residential and commercial nonresidential risks. The cost to Citizens for the development and maintenance of a commercial lines clearinghouse for surplus lines will be reduced to the extent that Citizens is not required to expend funds to develop and maintain the technology platform for the commercial lines clearinghouse. However, the bill implies, but does not directly require, that the commercial lines clearinghouse for surplus lines will be funded through fees charged by the commercial lines clearinghouse administrator to surplus lines agents and surplus lines insurers.

To the extent that commercial lines policies are diverted from Citizens by the clearinghouse established by the bill, Citizens will insure less risk and correspondingly will also collect less premium.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 627.351, 627.3518

**IX. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on January 13, 2026:**

The committee substitute:

- Requires that approved surplus lines clearinghouse insurers must both have an AM Best financial strength rating of at least A- (excellent) and be in the AM Best financial size category of VII (capital and surplus of at least \$50 million) and eligible under the Florida Surplus Lines law.

- Provides that approved surplus lines clearinghouse insurers must be recommended by the commercial clearinghouse administrator and approved by the OIR.
- Specifies that Citizens will contract with a clearinghouse administrator to establish and maintain the commercial clearinghouse for surplus lines. Citizens must select the clearinghouse administrator within 90 days after the bill becomes law.
- Clarifies the timeframes and procedures for submission of commercial risks to the commercial lines clearinghouse for surplus lines.
- Provides that the commercial lines clearinghouse administrator may charge approved surplus lines clearinghouse insurers and surplus lines agents participating in the program reasonable transaction, technology, administration, and other similar fees.
- Requires the surplus lines agent, managing general agent, or managing general underwriter must pay the producing agent a commission that results in an effective commission percentage at least equal to the Citizens commission percentage in effect on January 1, 2026.
- Provides that if a policyholder or applicant turns down an offer of coverage from the surplus lines insurer with material terms and conditions that are equivalent to or better than the Citizens policy for a rate that is not more than 20 percent more than the Citizens rate, the policyholder will have to pay a policy equalization surcharge on the Citizens policy.
- Provides that Citizens may, rather than must, establish a commercial lines clearinghouse for authorized insurers.

B. Amendments:

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/15/2026	.	
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The Committee on Banking and Insurance (Gruters) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Paragraph (oo) is added to subsection (6) of  
section 627.351, Florida Statutes, to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(oo) For commercial residential and commercial  
nonresidential risks, if an approved surplus lines clearinghouse



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insurer offers coverage under s. 627.3518(5)(c)2. and the total cost of such coverage is not more than 20 percent greater than the total cost of insurance coverage from the corporation, the corporation may not issue or renew coverage unless it imposes a premium equalization adjustment on such policy equal to the amount by which the total cost of insurance coverage offered by the approved surplus lines clearinghouse insurer exceeds the total cost of insurance coverage from the corporation. If the total cost of insurance from the approved surplus lines clearinghouse insurer does not exceed the total cost of corporation coverage, the corporation may not impose the premium equalization adjustment. If more than one approved surplus lines clearinghouse insurer offers coverage under s. 627.3518(5)(c)2., the lowest offered total cost of insurance coverage applies for purposes of this paragraph. The total cost of insurance coverage includes, but is not limited to, the premium, fees, surcharges, and applicable taxes. A premium equalization adjustment applied pursuant to this paragraph expires at the end of the policy term.

Section 2. Section 627.3518, Florida Statutes, is amended to read:

627.3518 Citizens Property Insurance Corporation policyholder eligibility clearinghouse program.—The purpose of this section is to provide a framework for the corporation to implement a clearinghouse program ~~by January 1, 2014.~~

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

(a) "Approved surplus lines clearinghouse insurer" means an eligible surplus lines insurer that has a financial strength rating of "A-" or higher and a financial size category of A-VII



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or higher from A.M. Best Company which the clearinghouse administrator recommends for participation in the program and which the office verifies meets the requirements for participation in the program within 5 business days after the commercial lines clearinghouse administrator's recommendation.

(b) "Commercial lines clearinghouse administrator" means the individual or entity employed or otherwise contracted by the corporation to provide administrative or professional services to implement the commercial lines clearinghouse required pursuant to subparagraph (2)(b)1. within the corporation as set forth in paragraph (3)(b).

(c) "Corporation" means Citizens Property Insurance Corporation.

(d) ~~(b)~~ "Exclusive agent" means any licensed insurance agent that has, by contract, agreed to act exclusively for one company or group of affiliated insurance companies and is disallowed by the provisions of that contract to directly write for any other unaffiliated insurer absent express consent from the company or group of affiliated insurance companies.

(e) ~~(c)~~ "Independent agent" means any licensed insurance agent not described in paragraph (d) ~~(b)~~.

(f) "Primary residence" has the same meaning as in s. 627.351(6)(c)2.a.

(g) ~~(d)~~ "Program" means the clearinghouse created under this section, consisting of the personal lines clearinghouse and the commercial lines clearinghouse.

(h) "Surplus lines agent" means an insurance agent licensed pursuant to s. 626.927 or s. 626.9272.

(2)(a) The corporation shall establish a personal lines



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clearinghouse ~~in order~~ to confirm an applicant's eligibility with the corporation, ~~and~~ to enhance access of new applicants for personal lines coverage and existing personal lines policyholders of the corporation to offers of coverage from authorized insurers, ~~and the corporation shall establish a program for personal residential risks in order~~ to facilitate the diversion of ineligible applicants and existing policyholders from the corporation into the voluntary insurance market.

(b)1. The corporation shall implement on or before January 1, 2027, a commercial lines clearinghouse in order to enhance access to offers of coverage from approved surplus lines clearinghouse insurers for new applicants for commercial residential coverage and commercial nonresidential coverage and existing commercial residential and commercial nonresidential policyholders of the corporation.

2. To facilitate the diversion of ineligible applicants and existing policyholders from the corporation to authorized insurers, the corporation may ~~shall~~ also develop and implement a separate commercial lines clearinghouse to confirm eligibility with the corporation and to enhance access to offers of such coverage from authorized insurers for new applicants for commercial residential or commercial nonresidential coverage and existing commercial residential and commercial nonresidential policyholders of the corporation ~~appropriate procedures for facilitating the diversion of ineligible applicants and existing policyholders for commercial residential coverage into the private insurance market and shall report such procedures to the President of the Senate and the Speaker of the House of~~



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~~Representatives by January 1, 2014.~~

(3) The corporation board shall establish the ~~clearinghouse~~ program as an organizational unit within the corporation. The program shall have all the rights and responsibilities in carrying out its duties as a licensed general lines agent and a surplus lines agent, but may not be required to employ or engage a licensed general lines agent or a surplus lines agent, or to maintain an insurance agency license to carry out its activities in the solicitation and placement of insurance coverage. In establishing the program, the corporation has all of the following rights and responsibilities ~~may~~:

(a) May require all new applications for personal lines coverage, and all personal lines policies due for renewal, to be submitted for coverage to the program in order to facilitate obtaining an offer of coverage from an authorized insurer or, if the risk is a commercial risk, shall require all new applications for commercial lines coverage, and all commercial lines policies due for renewal, to be initially submitted for coverage through the commercial clearinghouse as a single point of intake for both the corporation and the program in order to facilitate obtaining an offer of coverage from an approved surplus lines clearinghouse insurer, before binding or renewing coverage by the corporation.

(b) Shall establish and maintain the operational systems and procedures necessary to implement the program.

(c) May employ or otherwise contract with individuals or other entities for appropriate administrative or professional services to effectuate the plan within the corporation in accordance with the applicable purchasing requirements under s.



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627.351 and, for purposes of implementing the commercial lines clearinghouse and providing offers of coverage from approved surplus lines clearinghouse insurers on or before January 1, 2027, contract with such individuals or entities in accordance with s. 287.057(3)(c).

(d)~~(d)~~ May enter into contracts with any authorized insurer and any approved surplus lines clearinghouse insurer to participate in the program and accept an appointment by such insurer.

(e)~~(d)~~ May provide funds to operate the program. Insurers and agents participating in the program are not required to pay a fee to offset or partially offset the cost of the program or use the program for renewal of policies initially written through the clearinghouse. Notwithstanding this paragraph, any commercial lines clearinghouse administrator may charge approved surplus lines clearinghouse insurers and surplus lines agents participating in the program reasonable transaction, technology, administration, and other similar fees.

(f)~~(e)~~ May develop an enhanced application that includes information to assist private insurers in determining whether to make an offer of coverage through the program.

(g)~~(f)~~ For personal lines residential risks, may require that, before approving all new applications for coverage by the corporation, that every application be subject to a period of 2 business days when any insurer participating in the program may select the application for coverage. For commercial lines residential and commercial lines nonresidential risks, the corporation may require, before approving all new applications for commercial lines coverage by the corporation, that every





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application be subject to a period of 5 business days when any insurer participating in the program may select the application for coverage. The insurer may issue a binder on any policy selected for coverage for a period of at least 30 days but not more than 60 days.

(h) Shall, in creating the commercial lines clearinghouse, establish criteria to determine the capabilities necessary for the commercial lines clearinghouse administrator. For facilitating offers of surplus lines coverage, such criteria must include confirmed expertise in the surplus lines market, at least 5 years of publicly available audited financial statements, the ability to facilitate all approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse on terms established by the corporation, and other criteria that the corporation determines necessary to effectively establish, administer, and manage offers of surplus lines coverage through the commercial lines clearinghouse.

(i) Shall select a commercial lines clearinghouse administrator within 90 days after the effective date of this act.

(j) May allow the commercial lines clearinghouse administrator to establish procedures and account clearance requirements the commercial lines clearinghouse administrator deems necessary to ensure an orderly process for offers of coverage to be provided by approved surplus lines clearinghouse insurers participating in the commercial lines clearinghouse and to avoid multiple offers of coverage from the same insurer for the same risk.

(k) Must submit to the commercial lines clearinghouse



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administrator its coverage terms and conditions, deductible  
structures, and its unalterable indicated total cost of  
insurance coverage, which must include, but is not limited to,  
the premium, fees, surcharges, and applicable taxes for the  
subject risk before any approved surplus lines clearinghouse  
insurer is provided a submission for coverage pursuant to the  
program by any applicant for new coverage from the corporation  
or any policyholder of the corporation. The commercial lines  
clearinghouse administrator shall provide the corporation's  
unalterable indicated coverage terms and conditions and  
deductible structures, but may not provide the indicated total  
cost of corporation insurance coverage, to the approved surplus  
lines clearinghouse insurers participating in the program. The  
commercial lines clearinghouse administrator shall then use the  
corporation's unalterable indication to determine whether any  
offers of coverage from approved surplus lines clearinghouse  
insurers satisfy the requirements set forth in s. 627.351(6) (oo)  
and subparagraph (5) (c)2. The corporation may not bind or  
otherwise communicate, indicate, or make an offer of coverage to  
an applicant or policyholder, or its agent, or otherwise accept  
coverage until 5 business days have elapsed from the date that  
it provided its unalterable indication to the commercial lines  
clearinghouse administrator unless the time limit is waived in  
writing. Any change to the corporation's coverage terms and  
conditions, deductible structures, or indicated total cost of  
insurance coverage constitutes a new submission by the  
corporation under this paragraph. The validation period  
described in this paragraph applies regardless of any proposed  
effective date, renewal date, or expiration date of the policy



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and may not be shortened or bypassed based on timing  
considerations relating to binding or renewal.

(4) Any authorized insurer may participate in the program;  
however, participation is not mandatory for any insurer.

Approved surplus lines clearinghouse insurers may participate in  
the commercial lines clearinghouse but may not participate in  
the personal lines clearinghouse; however, participation in the  
program is not mandatory for any surplus lines insurer. Insurers  
making offers of coverage to new applicants or renewal  
policyholders through the program:

(a) May not be required to individually appoint any agent  
whose customer is underwritten and bound through the program.  
Notwithstanding s. 626.112, insurers are not required to appoint  
any agent on a policy underwritten through the program for as  
long as that policy remains with the insurer. Insurers may, at  
their election, appoint any agent or surplus lines agent whose  
direct or indirect customer is initially underwritten and bound  
through the program. In the event an insurer accepts a policy  
from an agent who is not appointed pursuant to this paragraph,  
and thereafter elects to accept a policy from such agent, the  
provisions of s. 626.112 requiring appointment apply to the  
agent.

(b) Must enter into a limited agency agreement with each  
agent or surplus lines agent that is not appointed in accordance  
with paragraph (a) and whose direct or indirect customer is  
underwritten and bound through the program. In addition, a  
surplus lines agent that enters into a limited agency or broker  
agreement with an approved surplus lines clearinghouse insurer  
making an offer of coverage through the program must also enter



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243 into a limited agency or broker agreement with each producing  
244 agent whose customer is underwritten and bound through the  
245 program.

246 (c) Must enter into its standard agency agreement with each  
247 agent or surplus lines agent whose direct or indirect customer  
248 is underwritten and bound through the program when that agent or  
249 surplus lines agent has been appointed by the insurer pursuant  
250 to s. 626.112. In addition, a surplus lines agent that enters  
251 into a limited agency or broker agreement with an approved  
252 surplus lines clearinghouse insurer making an offer of coverage  
253 through the program must also enter into a limited agency or  
254 broker agreement with each producing agent whose customer is  
255 underwritten and bound through the program.

256 (d) Must comply with s. 627.4133(2) or, if the insurer is  
257 an approved surplus lines clearinghouse insurer, s. 626.9201.

258 (e) May participate through their single-designated  
259 managing general agent or broker or surplus lines agent;  
260 however, the provisions of paragraph (6) (a) regarding ownership,  
261 control, and use of the expirations continue to apply.

262 (f) For authorized insurers, must pay to the producing  
263 agent a commission equal to that paid by the corporation or the  
264 usual and customary commission paid by the insurer for that line  
265 of business, whichever is greater.

266 (g) For approved surplus lines clearinghouse insurers, when  
267 coverage is placed through the clearinghouse with an approved  
268 surplus lines clearinghouse insurer, must pay a total commission  
269 or equivalent compensation on gross written premium, exclusive  
270 of fees, surcharges, and taxes, to the surplus lines agent,  
271 managing general agent, or managing general underwriter placing



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the risk. The surplus lines agent, managing general agent, or managing general underwriter must pay the producing agent a commission that results in an effective commission percentage at least equal to the commission percentage published by the corporation and in effect on January 1, 2026, calculated in the same manner and on the same basis used by the corporation, and shall retain the remainder of the total commission or equivalent compensation. This paragraph does not prohibit an agent from voluntarily accepting a lower commission at the agent's sole discretion. As used in this paragraph, the term "effective commission percentage" means the commission expressed as a percentage of premium, exclusive of all fees, assessments, surcharges, and taxes.

(5)(a) Notwithstanding s. 627.3517, any applicant for new personal lines coverage from the corporation is not eligible for coverage from the corporation if provided an offer of comparable coverage from an authorized insurer through the program at a premium that is at or below the eligibility threshold for applicants for new coverage of a primary residence established in s. 627.351(6)(c)5.a., or for applicants for new coverage of a risk that is not a primary residence established in s. 627.351(6)(c)5.b. Whenever an offer of comparable coverage for a personal lines risk is received for a policyholder of the corporation at renewal from an authorized insurer through the program which is at or below the eligibility threshold for primary residences of policyholders of the corporation established in s. 627.351(6)(c)5.a., or the eligibility threshold for risks that are not primary residences of policyholders of the corporation established in s.



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627.351(6)(c)5.b., the risk is not eligible for coverage with the corporation. In the event an offer of coverage for a new applicant is received from an authorized insurer through the program, and the premium offered exceeds the eligibility threshold for applicants for new coverage of a primary residence established in s. 627.351(6)(c)5.a., or the eligibility threshold for applicants for new coverage on a risk that is not a primary residence established in s. 627.351(6)(c)5.b., the applicant or insured may elect to accept such coverage, or may elect to accept or continue coverage with the corporation. In the event an offer of coverage for a personal lines risk is received from an authorized insurer at renewal through the program, and the premium offered exceeds the eligibility threshold for primary residences of policyholders of the corporation established in s. 627.351(6)(c)5.a., or exceeds the eligibility threshold for risks that are not primary residences of policyholders of the corporation established in s. 627.351(6)(c)5.b., the insured may elect to accept such coverage, or may elect to accept or continue coverage with the corporation. Section 627.351(6)(c)5.a.(I) and b.(I) does not apply to an offer of coverage from an authorized insurer obtained through the program. ~~As used in this subsection, the term "primary residence" has the same meaning as in s. 627.351(6)(c)2.a.~~

(b) Any applicant for new commercial lines residential coverage from the corporation is not eligible for coverage from the corporation if provided an offer of comparable coverage from an authorized insurer through the program at a premium that is at or below the eligibility threshold for applicants for new



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coverage established in s. 627.351(6)(c)5.c. Whenever an offer of comparable coverage for a commercial lines residential risk is received for a policyholder of the corporation at renewal from an authorized insurer through the program which is at or below the eligibility threshold in s. 627.351(6)(c)5.c., the risk is not eligible for coverage from the corporation. In the event that an offer of coverage for a new applicant is received from an authorized insurer through the program, and the premium offered exceeds the eligibility threshold established in s. 627.351(6)(c)5.c., the applicant or insured may elect to accept such coverage or may elect to accept or continue coverage with the corporation. In the event that an offer of coverage for a commercial lines residential risk is received from an authorized insurer at renewal through the program, and the premium offered exceeds the eligibility threshold for policyholders of the corporation established in s. 627.351(6)(c)5.c., the insured may elect to accept such coverage or may elect to accept or continue coverage with the corporation. Section 627.351(6)(c)5.c.(I) does not apply to an offer of coverage from an authorized insurer obtained through the program.

(c)1. Except as provided in subparagraph 2., any applicant for new commercial lines residential coverage or commercial lines nonresidential coverage from the corporation and any policyholder of the corporation, when such applicant or corporation policyholder is offered commercial lines residential or commercial lines nonresidential coverage pursuant to the program by an approved surplus lines clearinghouse insurer, remains eligible for coverage from the corporation. The applicant or policyholder receiving an offer from an approved



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surplus lines clearinghouse insurer may elect to accept such coverage or may elect to accept or continue coverage with the corporation.

2. Any applicant for new commercial lines residential coverage or commercial lines nonresidential coverage from the corporation and any policyholder of the corporation, when such applicant or corporation policyholder is offered commercial lines residential or commercial lines nonresidential coverage by an approved surplus lines insurer pursuant to the program and such offered coverage has material terms and conditions that are substantially equivalent to or better than coverage from the corporation as to all aspects of such coverage, as determined by the corporation through the clearinghouse process and applicable program standards, and the total cost of such insurance coverage is not more than 20 percent greater than the total cost of insurance coverage from the corporation, may elect to accept such coverage from the approved surplus lines clearinghouse insurer or may elect to accept or continue coverage with the corporation, but, if electing corporation coverage, such applicant or policyholder must pay a premium for corporation coverage that is subject to s. 627.351(6)(oo).

3. Section 627.351(6)(c)5.c.(I) does not apply to an offer of coverage from an approved surplus lines clearinghouse insurer obtained through the program.

(6) Independent insurance agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program:

(a) Are granted and must maintain ownership and the exclusive use of expirations, records, or other written or





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electronic information directly related to such applications or renewals written through the corporation or through an insurer participating in the program, notwithstanding s. 627.351(5)(a), s. 627.351(6)(c)5.a.(I)(B) and (II)(B), or s. 627.351(6)(c)5.b.(I)(B) and (II)(B). Such ownership is granted for as long as the insured remains with the agency or until sold or surrendered in writing by the agent. Contracts with the corporation or required by the corporation or with any insurer or surplus lines agent may ~~must~~ not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

(b) May not be required to be appointed by any insurer participating in the program for policies written solely through the program, notwithstanding the provisions of s. 626.112.

(c) May accept an appointment from any insurer participating in the program.

(d) May enter into either a standard or limited agency agreement with the insurer, at the insurer's option, and may enter into agreements with a surplus lines agent.

Applicants ineligible for coverage in accordance with subsection (5) remain ineligible if their independent agent is unwilling or unable to enter into a standard or limited agency agreement with an insurer participating in the program.

(7) Exclusive agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program:



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(a) Must maintain ownership and the exclusive use of expirations, records, or other written or electronic information directly related to such applications or renewals written through the corporation or through an insurer participating in the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and (II)(B) or s. 627.351(6)(c)5.b.(I)(B) and (II)(B). Contracts with the corporation or required by the corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

(b) May not be required to be appointed by any insurer participating in the program for policies written solely through the program, notwithstanding the provisions of s. 626.112.

(c) Must only facilitate the placement of an offer of coverage from an insurer whose limited servicing agreement is approved by that exclusive agent's exclusive insurer.

(d) May enter into a limited servicing agreement with the insurer making an offer of coverage, and only after the exclusive agent's insurer has approved the limited servicing agreement terms. The exclusive agent's insurer must approve a limited service agreement for the program for any insurer for which it has approved a service agreement for other purposes.

Applicants ineligible for coverage in accordance with subsection (5) remain ineligible if their exclusive agent is unwilling or unable to enter into a standard or limited agency agreement with an insurer making an offer of coverage to that applicant.



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(8) Submission of an application for coverage by the corporation to the program does not constitute the binding of coverage by the corporation, and failure of the program to obtain an offer of coverage by an insurer may not be considered acceptance of coverage of the risk by the corporation.

(9) The 45-day notice of nonrenewal requirement set forth in s. 627.4133(2)(b)5. applies when a policy is nonrenewed by the corporation because the risk has received an offer of coverage pursuant to this section which renders the risk ineligible for coverage by the corporation.

~~(10) The program may not include commercial nonresidential policies.~~

~~(11)~~ Proprietary business information provided to the corporation's clearinghouse by insurers with respect to identifying and selecting risks for an offer of coverage is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution.

(a) As used in this subsection, the term "proprietary business information" means information, regardless of form or characteristics, which is owned or controlled by an insurer and:

1. Is identified by the insurer as proprietary business information and is intended to be and is treated by the insurer as private in that the disclosure of the information would cause harm to the insurer, an individual, or the company's business operations and has not been disclosed unless disclosed pursuant to a statutory requirement, an order of a court or administrative body, or a private agreement that provides that the information will not be released to the public;

2. Is not otherwise readily ascertainable or publicly



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available by proper means by other persons from another source  
in the same configuration as provided to the clearinghouse; and

3. Includes:

a. Trade secrets, as defined in s. 688.002.

b. Information relating to competitive interests, the  
disclosure of which would impair the competitive business of the  
provider of the information.

Proprietary business information may be found in underwriting  
criteria or instructions which are used to identify and select  
risks through the program for an offer of coverage and are  
shared with the clearinghouse to facilitate the shopping of  
risks with the insurer.

(b) The clearinghouse may disclose confidential and exempt  
proprietary business information:

1. If the insurer to which it pertains gives prior written  
consent;

2. Pursuant to a court order; or

3. To another state agency in this or another state or to a  
federal agency if the recipient agrees in writing to maintain  
the confidential and exempt status of the document, material, or  
other information and has verified in writing its legal  
authority to maintain such confidentiality.

Section 3. This act shall take effect upon becoming a law.

===== T I T L E   A M E N D M E N T =====

And the title is amended as follows:

Delete everything before the enacting clause  
and insert:



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A bill to be entitled

An act relating to the Citizens Property Insurance Corporation; amending s. 627.351, F.S.; prohibiting the corporation from issuing or renewing coverage for commercial residential and commercial nonresidential risks under certain circumstances; prohibiting the corporation from imposing a premium equalization adjustment under certain circumstances; providing applicability; specifying the components of the total cost of insurance coverage; specifying that certain adjustments expire at a specified time; amending s. 627.3518, F.S.; deleting an obsolete provision; defining terms; revising the definition of the term "program"; requiring the corporation to establish a personal lines clearinghouse for specified purposes; requiring, on or before a specified date, the corporation to implement a commercial lines clearinghouse for a specified purpose; authorizing the corporation to develop and implement a separate commercial lines clearinghouse for specified purposes; deleting obsolete provisions; revising the program's rights and responsibilities; revising the rights and responsibilities the corporation has in establishing the program; authorizing approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse; prohibiting such insurers from participating in the personal lines clearinghouse; specifying that participation in the program is not mandatory for such insurers; revising



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prohibitions and requirements for insurers making offers of coverage to new applicants or renewal policyholders through the program; providing construction; defining the term "effective commission percentage"; specifying that applicants for new commercial lines residential coverage are not eligible for coverage from the corporation under certain circumstances; specifying the circumstances under which policyholders of the corporation are not eligible for new commercial lines residential coverage from the corporation; authorizing applicants or insureds to elect to accept coverage with authorized insurers or elect to accept or continue coverage with the corporation under certain circumstances; authorizing insureds to elect to accept coverage with specified insurers or elect to accept or continue coverage with the corporation under certain circumstances; providing applicability; specifying that certain applicants and policyholders remain eligible for coverage from the corporation; authorizing such applicants and policyholders to elect to accept coverage from clearinghouse insurers or elect to accept or continue coverage with the corporation; authorizing certain applicants and policyholders of the corporation to elect to accept coverage from clearinghouse insurers or elect to accept or continue coverage with the corporation; requiring such applicants or policyholders to pay a specified total cost of insurance for corporation



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562 coverage; providing applicability; revising the rights  
563 and authorizations for certain independent insurance  
564 agents; deleting a prohibition relating to commercial  
565 nonresidential policies; providing an effective date.

By Senator Gruters

22-01372B-26

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1 A bill to be entitled  
 2 An act relating to the Citizens Property Insurance  
 3 Corporation; amending s. 627.351, F.S.; requiring the  
 4 corporation to charge a specified premium on certain  
 5 risks; specifying that the premium for subsequent  
 6 renewals of a corporation policy is subject to certain  
 7 requirements; providing an exception; amending s.  
 8 627.3518, F.S.; deleting an obsolete provision;  
 9 defining terms; revising the definition of the term  
 10 "program"; requiring the corporation to establish a  
 11 personal lines clearinghouse for specified purposes;  
 12 requiring, on or before a specified date, the  
 13 corporation to implement a commercial lines  
 14 clearinghouse for specified purposes; requiring, on or  
 15 before a specified date, the corporation to develop  
 16 and implement certain procedures; deleting reporting  
 17 requirements; revising the rights and responsibilities  
 18 the corporation has in establishing the program;  
 19 authorizing approved surplus lines clearinghouse  
 20 insurers to participate in the commercial lines  
 21 clearinghouse; prohibiting such insurers from  
 22 participating in the personal lines clearinghouse;  
 23 specifying that participation in the program is not  
 24 mandatory for such insurers; revising prohibitions and  
 25 requirements for insurers making offers of coverage to  
 26 new applicants or renewal policyholders through the  
 27 program; providing construction; specifying that  
 28 applicants for new commercial lines residential  
 29 coverage are not eligible for coverage from the

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

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30 corporation under certain circumstances; deleting the  
 31 definition of the term "primary residence"; specifying  
 32 the circumstances under which policyholders of the  
 33 corporation are not eligible for commercial lines  
 34 residential coverage with the corporation; authorizing  
 35 applicants or insureds to elect to accept coverage  
 36 with specified insurers or elect to accept or continue  
 37 coverage with the corporation under certain  
 38 circumstances; authorizing insureds to elect to accept  
 39 coverage with specified insurers or elect to accept or  
 40 continue coverage with the corporation under certain  
 41 circumstances; providing applicability; specifying  
 42 that certain applicants remain eligible for coverage  
 43 from the corporation; authorizing such applicants to  
 44 elect to accept coverage with specified insurers or  
 45 elect to accept or continue coverage with the  
 46 corporation; requiring certain applicants to pay a  
 47 specified premium for corporation coverage; providing  
 48 applicability; revising the rights and authorizations  
 49 for certain independent insurance agents; deleting a  
 50 prohibition relating to commercial nonresidential  
 51 policies; providing an effective date.

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

54  
 55 Section 1. Paragraph (oo) is added to subsection (6) of  
 56 section 627.351, Florida Statutes, to read:  
 57 627.351 Insurance risk apportionment plans.—  
 58 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



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(oo) The corporation must charge a premium on a commercial residential or commercial nonresidential risk that has received an offer of coverage under s. 627.3518(5)(c)2., which premium is the greater of the premium offered by the approved surplus lines clearinghouse insurer for such coverage or the premium for coverage from the corporation calculated pursuant to paragraph (n). The premium for subsequent renewals of a corporation policy that is charged a premium equivalent to the premium offered by an approved surplus lines insurer under s. 627.3518(5)(c)2. is subject to the requirements of paragraph (n) as applied to the premium that was applied pursuant to this paragraph, unless the risk receives an offer at the subsequent renewal under s. 627.3518(5)(c)2., in which case the premium shall be the greater of the premium offered at the subsequent renewal by the surplus lines insurer or the corporation's premium on the risk.

Section 2. Section 627.3518, Florida Statutes, is amended to read:

627.3518 Citizens Property Insurance Corporation policyholder eligibility clearinghouse program.—The purpose of this section is to provide a framework for the corporation to implement a clearinghouse program by January 1, 2014.

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

(a) "Approved surplus lines clearinghouse insurer" means an eligible surplus lines insurer that has a financial strength rating of "A-" or higher from A.M. Best Company and that the corporation determines has demonstrated competence in writing the types of risks for which it will make offers of coverage through the program.

(b) "Corporation" means Citizens Property Insurance

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Corporation.

(c) ~~(b)~~ "Exclusive agent" means any licensed insurance agent that has, by contract, agreed to act exclusively for one company or group of affiliated insurance companies and is disallowed by the provisions of that contract to directly write for any other unaffiliated insurer absent express consent from the company or group of affiliated insurance companies.

(d) ~~(c)~~ "Independent agent" means any licensed insurance agent not described in paragraph (c) ~~(b)~~.

(e) "Primary residence" has the same meaning as in s. 627.351(6)(c)2.a.

(f) ~~(d)~~ "Program" means the clearinghouse created under this section, consisting of the personal lines clearinghouse and the commercial lines clearinghouse.

(g) "Surplus lines agent" means an insurance agent licensed pursuant to s. 626.927 or s. 626.9272.

(2) (a) The corporation shall establish a personal lines clearinghouse ~~in order~~ to confirm an applicant's eligibility with the corporation, ~~and~~ to enhance access of new applicants for personal lines coverage and existing personal lines policyholders of the corporation to offers of coverage from authorized insurers, ~~and the corporation shall establish a program for personal residential risks in order~~ to facilitate the diversion of ineligible applicants and existing policyholders from the corporation into the voluntary insurance market.

(b) The corporation shall implement, on or before January 1, 2027, a commercial lines clearinghouse in order to enhance new applicants access to commercial residential coverage and

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commercial nonresidential coverage and existing policyholders of the corporation to offers of coverage from approved surplus lines clearinghouse insurers. The corporation shall also develop and implement, on or before January 1, 2028, appropriate procedures for facilitating the diversion of new ineligible applicants and existing policyholders of the corporation to offers of commercial residential and commercial nonresidential coverage from authorized insurers ~~for commercial residential coverage into the private insurance market and shall report such procedures to the President of the Senate and the Speaker of the House of Representatives by January 1, 2014.~~

(3) The corporation board shall establish the clearinghouse program as an organizational unit within the corporation. The program shall have all the rights and responsibilities in carrying out its duties as a licensed general lines agent and a surplus lines agent, but may not be required to employ or engage a licensed general lines agent or a surplus lines agent, or to maintain an insurance agency license to carry out its activities in the solicitation and placement of insurance coverage. In establishing the program, the corporation has all of the following rights and responsibilities ~~may~~:

(a) May require all new applications, and all policies due for renewal, to be submitted for coverage to the program in order to facilitate obtaining an offer of coverage from an authorized insurer or, if the risk is a commercial risk, obtaining an offer of coverage from an approved surplus lines clearinghouse insurer, before binding or renewing coverage by the corporation.

(b) May employ or otherwise contract with individuals or

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other entities for appropriate administrative or professional services to effectuate the plan within the corporation in accordance with the applicable purchasing requirements under s. 627.351 and, for purposes of implementing the commercial lines clearinghouse and providing offers of coverage from approved surplus lines clearinghouse insurers on or before January 1, 2028, contract with such individuals or entities in accordance with s. 287.057(3)(c).

(c) May enter into contracts with any authorized insurer and any approved surplus lines clearinghouse insurer to participate in the program and accept an appointment by such insurer.

(d) May provide funds to operate the program. Insurers and agents participating in the program are not required to pay a fee to offset or partially offset the cost of the program or use the program for renewal of policies initially written through the clearinghouse.

(e) May develop an enhanced application that includes information to assist private insurers in determining whether to make an offer of coverage through the program.

(f) For personal lines residential risks, may require that, before approving all new applications for coverage by the corporation, ~~that~~ every application be subject to a period of 2 business days when any insurer participating in the program may select the application for coverage. The insurer may issue a binder on any policy selected for coverage for a period of at least 30 days but not more than 60 days.

(g) Shall, in creating the commercial lines clearinghouse, establish criteria to determine the capabilities necessary to

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effectively provide and manage the commercial lines clearinghouse. For facilitating offers of surplus lines coverage, such criteria must include confirmed expertise in the surplus lines market, at least 5 years of publicly available audited financial statements, the ability to facilitate all approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse on terms established by the corporation, and other criteria that the corporation determines necessary to effectively establish and manage offers of surplus lines coverage through the commercial lines clearinghouse.

(4) Any authorized insurer may participate in the program; however, participation is not mandatory for any insurer. Approved surplus lines clearinghouse insurers may participate in the commercial lines clearinghouse but may not participate in the personal lines clearinghouse; however, participation in the program is not mandatory for any approved surplus lines insurer. Insurers making offers of coverage to new applicants or renewal policyholders through the program:

(a) May not be required to individually appoint any agent whose customer is underwritten and bound through the program. Notwithstanding s. 626.112, insurers are not required to appoint any agent on a policy underwritten through the program for as long as that policy remains with the insurer. Insurers may, at their election, appoint any agent or surplus lines agent whose direct or indirect customer is initially underwritten and bound through the program. In the event an insurer accepts a policy from an agent who is not appointed pursuant to this paragraph, and thereafter elects to accept a policy from such agent, the provisions of s. 626.112 requiring appointment apply to the

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agent.

(b) Must enter into a limited agency agreement with each agent or surplus lines agent that is not appointed in accordance with paragraph (a) and whose customer is underwritten and bound through the program. In addition, a surplus lines agent that enters into a limited agency or broker agreement with an approved surplus lines clearinghouse insurer making an offer of coverage through the program must also enter into a limited agency or broker agreement with each producing agent whose customer is underwritten and bound through the program.

(c) Must enter into its standard agency agreement with each agent or surplus lines agent whose customer is underwritten and bound through the program when that agent or surplus lines agent has been appointed by the insurer pursuant to s. 626.112.

(d) Must comply with s. 627.4133(2) or, if the insurer is an approved surplus lines clearinghouse insurer, s. 626.9201.

(e) May participate through their single-designated managing general agent or broker; however, the provisions of paragraph (6) (a) regarding ownership, control, and use of the expirations continue to apply.

(f) For authorized insurers, must pay to the producing agent a commission equal to that paid by the corporation or the usual and customary commission paid by the insurer for that line of business, whichever is greater.

(g) For approved surplus lines clearinghouse insurers, must pay a commission on premiums, exclusive of fees, surcharges, and taxes, to the surplus lines agent, managing general agent, or managing general underwriter placing the risk. The surplus lines agent, managing general agent, or managing general underwriter

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233 must pay the producing agent a commission at least equal to the  
 234 commission the corporation pays agents for coverage, calculated  
 235 in the same manner and on the same basis used by the  
 236 corporation, and shall retain the remainder of the total  
 237 commission or equivalent compensation. This paragraph does not  
 238 prohibit an agent from voluntarily accepting a lower commission  
 239 at the agent's sole discretion.

240 (5)(a) Notwithstanding s. 627.3517, any applicant for new  
 241 personal lines coverage from the corporation is not eligible for  
 242 coverage from the corporation if provided an offer of comparable  
 243 coverage from an authorized insurer through the program at a  
 244 premium that is at or below the eligibility threshold for  
 245 applicants for new coverage of a primary residence established  
 246 in s. 627.351(6)(c)5.a., or for applicants for new coverage of a  
 247 risk that is not a primary residence established in s.  
 248 627.351(6)(c)5.b. Whenever an offer of comparable coverage for a  
 249 personal lines risk is received for a policyholder of the  
 250 corporation at renewal from an authorized insurer through the  
 251 program which is at or below the eligibility threshold for  
 252 primary residences of policyholders of the corporation  
 253 established in s. 627.351(6)(c)5.a., or the eligibility  
 254 threshold for risks that are not primary residences of  
 255 policyholders of the corporation established in s.  
 256 627.351(6)(c)5.b., the risk is not eligible for coverage with  
 257 the corporation. In the event an offer of coverage for a new  
 258 applicant is received from an authorized insurer through the  
 259 program, and the premium offered exceeds the eligibility  
 260 threshold for applicants for new coverage of a primary residence  
 261 established in s. 627.351(6)(c)5.a., or the eligibility

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262 threshold for applicants for new coverage on a risk that is not  
 263 a primary residence established in s. 627.351(6)(c)5.b., the  
 264 applicant or insured may elect to accept such coverage, or may  
 265 elect to accept or continue coverage with the corporation. In  
 266 the event an offer of coverage for a personal lines risk is  
 267 received from an authorized insurer at renewal through the  
 268 program, and the premium offered exceeds the eligibility  
 269 threshold for primary residences of policyholders of the  
 270 corporation established in s. 627.351(6)(c)5.a., or exceeds the  
 271 eligibility threshold for risks that are not primary residences  
 272 of policyholders of the corporation established in s.  
 273 627.351(6)(c)5.b., the insured may elect to accept such  
 274 coverage, or may elect to accept or continue coverage with the  
 275 corporation. Section 627.351(6)(c)5.a.(I) and b.(I) does not  
 276 apply to an offer of coverage from an authorized insurer  
 277 obtained through the program. ~~As used in this subsection, the~~  
 278 ~~term "primary residence" has the same meaning as in s.~~  
 279 ~~627.351(6)(c)2.a.~~

280 (b) Notwithstanding s. 627.3517, an applicant for new  
 281 commercial lines residential coverage from the corporation is  
 282 not eligible for coverage from the corporation if the applicant  
 283 is provided an offer of comparable coverage from an authorized  
 284 insurer through the program at a premium that is at or below the  
 285 eligibility threshold for applicants for new coverage  
 286 established in s. 627.351(6)(c)5.c. Whenever an offer of  
 287 comparable coverage for a commercial lines residential risk is  
 288 received for a policyholder of the corporation at renewal from  
 289 an authorized insurer through the program which is at or below  
 290 the eligibility threshold in s. 627.351(6)(c)5.c., the risk is

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not eligible for coverage with the corporation. In the event an offer of coverage for a new applicant is received from an authorized insurer through the program, and the premium offered exceeds the eligibility threshold established in s. 627.351(6)(c)5.c., the applicant or insured may elect to accept such coverage or to accept or continue coverage with the corporation. In the event an offer of coverage for a commercial lines residential risk is received from an authorized insurer at renewal through the program, and the premium offered exceeds the eligibility threshold for policyholders of the corporation established in s. 627.351(6)(c)5.c., the insured may elect to accept such coverage or to accept or continue coverage with the corporation. Section 627.351(6)(c)5.c.(I) does not apply to an offer of coverage from an authorized insurer obtained through the program.

(c)1. Except as provided in subparagraph 2., any applicant for new coverage from the corporation and any policyholder of the corporation that is offered commercial lines residential or commercial lines residential coverage pursuant to the program by an approved surplus lines clearinghouse insurer remains eligible for coverage from the corporation. The applicant or insured receiving an offer from an approved surplus lines clearinghouse insurer may elect to accept such coverage or may elect to accept or continue coverage with the corporation.

2. Any applicant for new coverage from the corporation and any policyholder of the corporation that is offered commercial lines residential or commercial lines nonresidential coverage by an approved surplus lines insurer pursuant to the program, if such coverage is equivalent to or greater than coverage from the

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corporation as to all aspects of such coverage and is for a premium that is not more than 20 percent greater than the premium for corporation coverage that will be paid by an applicant for corporation coverage or will be paid at renewal by a policyholder of the corporation, may elect to accept such coverage from the approved surplus lines clearinghouse insurer or may elect to accept or continue coverage with the corporation, but, if electing corporation coverage, such applicant or policyholder must pay a premium for corporation coverage that is the greater of the premium for such coverage from the corporation or from the approved surplus lines clearinghouse insurer.

3. Section 627.351(6)(c)5.c.(I) does not apply to an offer of coverage from an approved surplus lines clearinghouse insurer obtained through the program.

(6) Independent insurance agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program:

(a) Are granted and must maintain ownership and the exclusive use of expirations, records, or other written or electronic information directly related to such applications or renewals written through the corporation or through an insurer participating in the program, notwithstanding s. 627.351(5)(a), s. 627.351(6)(c)5.a.(I)(B) and (II)(B), or s. 627.351(6)(c)5.b.(I)(B) and (II)(B). Such ownership is granted for as long as the insured remains with the agency or until sold or surrendered in writing by the agent. Contracts with the corporation, ~~or~~ required by the corporation, or with any insurer or surplus lines agent must not amend, modify, interfere with,

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or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

(b) May not be required to be appointed by any insurer participating in the program for policies written solely through the program, notwithstanding the provisions of s. 626.112.

(c) May accept an appointment from any insurer participating in the program.

(d) May enter into either a standard or limited agency agreement with the insurer, at the insurer's option, and may enter into agreements with a surplus lines agent.

Applicants ineligible for coverage in accordance with subsection (5) remain ineligible if their independent agent is unwilling or unable to enter into a standard or limited agency agreement with an insurer participating in the program.

(7) Exclusive agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program:

(a) Must maintain ownership and the exclusive use of expirations, records, or other written or electronic information directly related to such applications or renewals written through the corporation or through an insurer participating in the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and (II)(B) or s. 627.351(6)(c)5.b.(I)(B) and (II)(B). Contracts with the corporation or required by the corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or

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electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

(b) May not be required to be appointed by any insurer participating in the program for policies written solely through the program, notwithstanding the provisions of s. 626.112.

(c) Must only facilitate the placement of an offer of coverage from an insurer whose limited servicing agreement is approved by that exclusive agent's exclusive insurer.

(d) May enter into a limited servicing agreement with the insurer making an offer of coverage, and only after the exclusive agent's insurer has approved the limited servicing agreement terms. The exclusive agent's insurer must approve a limited service agreement for the program for any insurer for which it has approved a service agreement for other purposes.

Applicants ineligible for coverage in accordance with subsection (5) remain ineligible if their exclusive agent is unwilling or unable to enter into a standard or limited agency agreement with an insurer making an offer of coverage to that applicant.

(8) Submission of an application for coverage by the corporation to the program does not constitute the binding of coverage by the corporation, and failure of the program to obtain an offer of coverage by an insurer may not be considered acceptance of coverage of the risk by the corporation.

(9) The 45-day notice of nonrenewal requirement set forth in s. 627.4133(2)(b)5. applies when a policy is nonrenewed by the corporation because the risk has received an offer of coverage pursuant to this section which renders the risk

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ineligible for coverage by the corporation.

(10) ~~The program may not include commercial nonresidential policies.~~

~~(11)~~ Proprietary business information provided to the corporation's clearinghouse by insurers with respect to identifying and selecting risks for an offer of coverage is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution.

(a) As used in this subsection, the term "proprietary business information" means information, regardless of form or characteristics, which is owned or controlled by an insurer and:

1. Is identified by the insurer as proprietary business information and is intended to be and is treated by the insurer as private in that the disclosure of the information would cause harm to the insurer, an individual, or the company's business operations and has not been disclosed unless disclosed pursuant to a statutory requirement, an order of a court or administrative body, or a private agreement that provides that the information will not be released to the public;

2. Is not otherwise readily ascertainable or publicly available by proper means by other persons from another source in the same configuration as provided to the clearinghouse; and

3. Includes:

a. Trade secrets, as defined in s. 688.002.

b. Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.

Proprietary business information may be found in underwriting

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criteria or instructions which are used to identify and select risks through the program for an offer of coverage and are shared with the clearinghouse to facilitate the shopping of risks with the insurer.

(b) The clearinghouse may disclose confidential and exempt proprietary business information:

1. If the insurer to which it pertains gives prior written consent;

2. Pursuant to a court order; or

3. To another state agency in this or another state or to a federal agency if the recipient agrees in writing to maintain the confidential and exempt status of the document, material, or other information and has verified in writing its legal authority to maintain such confidentiality.

Section 3. This act shall take effect upon becoming a law.

# Commercial Lines Current State and Clearinghouse





## Commercial Lines Summary

Citizens offers both residential and non-residential commercial property coverage

At YE 2007, Citizens insured **28,504** Commercial Residential Properties

Total Insured Value: \$159 Billion

Total Premium: \$869 Billion

From 2007 to 2021 Citizens experienced year over year declines until 2023, when we increased from **2,440** to **7,654** policies in force, primarily due to American Coastal insolvency and decreased E&S capacity

As of November 2025, Citizens Insures **2,995** Commercial Residential Properties

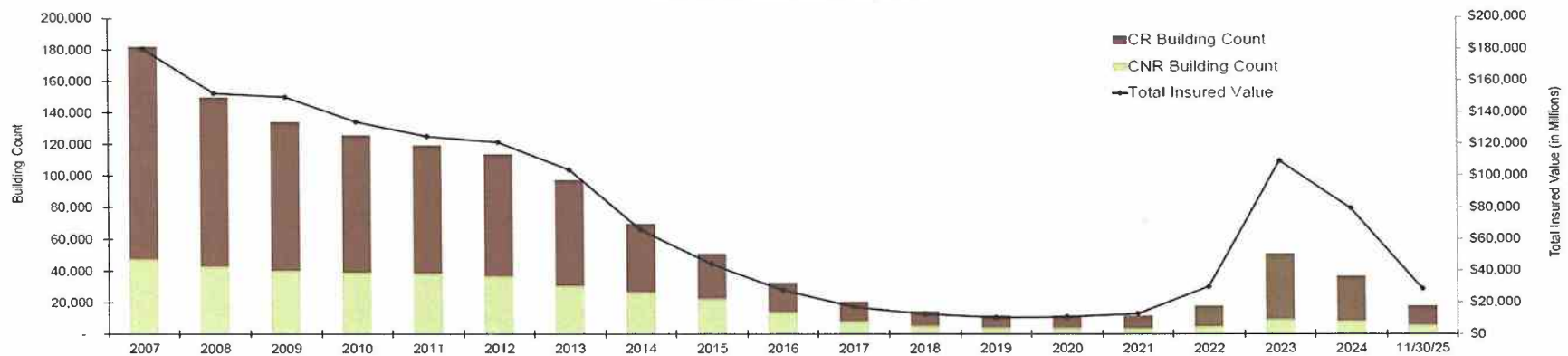
Total Insured Value: \$24 Billion

Total Premium: \$170 Million

# Building Count and Total Insured Value (TIV) Trends

## Commercial Lines by Residential and Non-Residential (Data as of September 30, 2025)

**Building Count and Total Insured Value (TIV) Trends**  
Commercial Lines - Residential/Non-Residential  
Data as of November 30, 2025



	Commercial Residential				Commercial Non-Residential				Total			
	Policy Count	Building Count	Premium (in Millions)	TIV (in Millions)	Policy Count	Building Count	Premium (in Millions)	TIV (in Millions)	Policy Count	Building Count	Premium (in Millions)	TIV (in Millions)
2007	28,504	134,260	\$869	\$159,885	37,147	47,669	\$104	\$20,683	65,651	181,929	\$974	\$180,569
2008	24,697	106,620	\$684	\$134,130	32,926	42,988	\$87	\$17,998	57,623	149,608	\$771	\$152,129
2009	23,404	93,534	\$561	\$132,325	30,310	40,343	\$82	\$17,473	53,714	133,877	\$643	\$149,797
2010	21,763	86,301	\$542	\$116,885	29,378	39,244	\$89	\$17,105	51,141	125,545	\$631	\$133,990
2011	20,776	80,824	\$508	\$107,853	28,455	38,514	\$94	\$16,885	49,231	119,338	\$603	\$124,738
2012	19,741	76,803	\$517	\$104,764	26,999	36,937	\$97	\$16,327	46,740	113,740	\$615	\$121,091
2013	16,620	66,341	\$464	\$89,346	21,445	30,690	\$93	\$14,135	38,065	97,031	\$557	\$103,482
2014	11,626	43,347	\$262	\$53,508	18,157	26,401	\$88	\$12,325	29,783	69,748	\$350	\$65,833
2015	8,315	28,615	\$153	\$33,723	15,389	22,234	\$79	\$10,359	23,704	50,849	\$231	\$44,082
2016	5,929	18,478	\$95	\$20,946	9,337	13,679	\$56	\$6,532	15,266	32,157	\$150	\$27,478
2017	4,266	11,978	\$58	\$12,700	5,487	8,149	\$38	\$4,049	9,753	20,127	\$96	\$16,749
2018	3,221	8,837	\$45	\$9,627	3,564	5,270	\$28	\$2,730	6,785	14,107	\$72	\$12,357
2019	2,641	7,121	\$37	\$7,927	2,847	4,227	\$24	\$2,228	5,488	11,348	\$61	\$10,155
2020	2,566	7,155	\$41	\$8,457	2,686	4,074	\$25	\$2,151	5,252	11,229	\$66	\$10,608
2021	2,440	7,674	\$53	\$10,564	2,390	3,740	\$25	\$2,021	4,830	11,414	\$78	\$12,586
2022	3,252	12,695	\$183	\$26,949	3,185	4,784	\$35	\$2,542	6,437	17,479	\$218	\$29,491
2023	7,654	41,305	\$848	\$102,653	5,878	9,346	\$84	\$6,125	13,532	50,651	\$932	\$108,778
2024	6,176	27,835	\$655	\$73,550	5,274	8,485	\$81	\$5,683	11,450	36,320	\$737	\$79,233
11/30/2025	2,995	12,031	\$170	\$24,548	3,417	5,722	\$53	\$3,713	6,412	17,753	\$222	\$28,260

**Notes:**

- 1) Commercial policy forms include building coverage, other structure coverage, and business personal property. Commercial non-residential multiperil policies no longer include business income/extra expense beginning with June 2012 renewals and May 2012 new business.
- 2) Excludes takeout policies
- 3) Within the commercial data, commercial non-residential wind-only (CtW) counts are policy counts; building counts are unavailable. The product was phased out during 2009, with no policies remaining in force as of 12/31/09. The commercial non-residential multiperil program was introduced in November 2008.

## Monthly Policy Data Commercial Policy Types



## **Commercial Lines Summary**

Reductions in policies from 2023 to 2025 were driven by:

SB2A Reforms resulting in...

New and established admitted carriers now offering commercial coverage and participating in our Depopulation program

Slide

CORE

Manatee

American Integrity

Mainsail

Increased capacity in E&S markets has allowed agent to place business directly with them outside of depopulation programs



## **Clearinghouse Program Summary:**

In order to facilitate the diversion of ineligible applicants and existing policyholders from Citizens into the voluntary insurance market, Citizens is required by statute to implement a Clearinghouse **program** for personal lines and **procedures** for commercial lines. The statute provides Citizens broad discretion in how it may implement such programs and procedures. The intention of the Clearinghouse program/procedure is to facilitate consistent enforcement of Citizens premium comparison eligibility rules and to allow carriers to present their offered premiums to agents.

**Personal Lines** – We have established an electronic **program** via a procurement with Applied systems and have implemented the solution for new and renewals in 2025.

**Commercial Lines** – We have established **procedures** that require the agent to demonstrate They Have presented the risk to at least one admitted market carrier and that carrier has declined the risk or their offered premium is higher than the eligibility threshold (120% of Citizens new/renewal premium).

## The Florida Senate COMMITTEE VOTE RECORD

**Tab #: 8**  
**Sponsor:** Gruters  
**Subject:** Citizens Property Insurance Corporation

FINAL VOTE		SENATORS	1/13/2026 Amendment 624532 <sup>1</sup>  Gruters					
Yea	Nay		Yea	Nay	Yea	Nay	Yea	Nay
X		Boyd						
X		Burton						
X		Hooper						
X		Martin						
X		Osgood						
X		Passidomo						
X		Pizzo						
X		Truenow						
X		Sharief, VICE CHAIR						
X		Gruters, CHAIR						

WD=Withdrawn  
OO=Out of Order  
AV=Abstain from Voting



# CourtSmart Tag Report

**Room:** KB 412  
**Caption:** Senate Banking and Insurance Committee

**Type:**  
**Judge:**

**Started:** 1/13/2026 4:00:05 PM  
**Ends:** 1/13/2026 5:03:40 PM  
**Length:** 01:03:36

4:00:10 PM Chair Gruters calls meeting to order  
4:00:12 PM Roll call  
4:00:34 PM Quorum present  
4:00:38 PM Chair Gruters makes opening remarks  
4:01:02 PM Tab 7 SB 834 Insurance Requirements for Nonprofit Religious Organizations by Senator Yarborough  
4:01:28 PM Senator Yarborough explains the bill  
4:02:41 PM Take up amendment 884114 by Senator Yarborough  
4:02:48 PM Senator Yarborough explains amendment  
4:03:05 PM Senator Yarborough waives close on amendment  
4:03:09 PM Amendment adopted  
4:03:14 PM Appearance forms  
4:03:25 PM Joel Noble speaking against  
4:08:23 PM Jon Rawlson, Samaritan Ministries, speaking against  
4:10:01 PM Senator Pizzo question  
4:10:06 PM Mr. Rawlson responds  
4:10:12 PM Back and forth in questions  
4:10:54 PM Aaron DiPeitro waiving in support  
4:11:17 PM Devon Graham, Volunteer of American Atheists, speaking against  
4:13:51 PM George Feijoo, Christian Care Ministry/Medishare, speaking for  
4:17:41 PM Senator Pizzo question  
4:18:15 PM Mr. Feijoo responds  
4:18:35 PM Senator Pizzo  
4:18:49 PM Mr. Feijoo responds  
4:19:12 PM Back and forth in questions  
4:20:56 PM Lindsey Swindle, Medishare  
4:21:00 PM Senator Pizzo  
4:21:28 PM Ms. Swindle responds  
4:21:57 PM Back and forth in questions  
4:23:52 PM Debate  
4:23:55 PM Senator Pizzo  
4:24:51 PM Senator Yarborough closes on bill  
4:27:12 PM Roll call  
4:27:39 PM CS/SB 384 reported favorably  
4:27:43 PM Tab 4 SB 632 Transportation Network Company, Driver, and Vehicle Owner Insurance by Senator DiCeglie Temporarily Postponed  
4:27:53 PM Tab 5 SB 642 Foreign and Alien Bail Bond Insurers by Senator Burgess  
4:28:00 PM Senator Burgess explains the bill  
4:28:37 PM Senator Burgess waives close  
4:28:40 PM Roll call  
4:29:01 PM SB 642 reported favorably  
4:30:17 PM Gavel moved over to Vice Chair Sharief  
4:30:29 PM Tab 8 SB 1028 Citizens Property Insurance Corporation by Senator Gruters  
4:30:36 PM Senator Gruters explains the bill  
4:31:54 PM Questions  
4:31:57 PM Senator Osgood  
4:32:13 PM Senator Gruters  
4:32:32 PM Senator Truenow  
4:32:45 PM Senator Gruters  
4:33:22 PM Take up amendment 624532 by Senator Gruters  
4:33:41 PM No questions  
4:33:50 PM No appearance forms  
4:33:56 PM Senator Gruters waives close on amendment

4:34:01 PM Amendment adopted  
4:34:09 PM Appearance forms  
4:34:20 PM Gary Rosen PhD speaking for  
4:37:38 PM Debate  
4:37:41 PM Senator Boyd  
4:39:21 PM Senator Gruters closes on bill  
4:40:03 PM Roll call  
4:40:32 PM CS/SB 1028 reported favorably  
4:40:37 PM Gavel given back to Chair Gruters  
4:40:46 PM Tab 2 SB 394 Reinsurance Intermediary Managers by Senator Leek  
4:40:53 PM Senator Leek explains the bill  
4:41:44 PM Senator Leek waives close  
4:41:47 PM Roll call  
4:42:05 PM SB 394 reported favorably  
4:42:15 PM Tab 1 SB 266 Public Adjuster Contracts by Senator Burton  
4:42:22 PM Senator Burton explains the bill  
4:43:19 PM Appearance forms  
4:43:26 PM Dr. Gary Rosen speaking for  
4:45:00 PM Michael Carlson, Personal Insurance Federation, waiving in support  
4:45:03 PM Adam Basford, Associated Industries of FL, waiving in support  
4:45:07 PM Brian Jorgerst, Elder Law Section of the FL Bar/Academy of FL Elder Law Attorneys, waiving in support  
4:45:12 PM Rick Tutwiler speaking for information  
4:46:12 PM Senator Pizzo question  
4:46:42 PM Mr. Tutwiler responds  
4:48:24 PM Katie Webb, APCIA, waiving in support  
4:48:40 PM Senator Burton closes on bill  
4:49:13 PM Roll call  
4:49:36 PM SB 266 reported favorably  
4:49:51 PM Tab 6 SB 832 Residential Property Insurance by Senator Avila  
4:49:59 PM Senator Avila explains the bill  
4:51:23 PM Appearance forms  
4:51:30 PM Dr. Gary Rosen speaking for  
4:54:40 PM George Feijoo, FL Insurance Council, speaking for information  
4:56:23 PM Senator Avila closes on bill  
4:57:35 PM Roll call  
4:57:58 PM SB 832 reported favorably  
4:58:09 PM Tab 3 SB 540 Office of Financial Regulation by Senator Martin  
4:58:15 PM Senator Martin explains the bill  
5:00:08 PM Take up amendment 686220  
5:00:15 PM Senator Martin explains amendment  
5:00:31 PM Scott Jenkins waiving in support  
5:00:43 PM Senator Martin waives close  
5:00:45 PM Amendment 686220 adopted  
5:00:47 PM Amendment 465000 has substitute  
5:01:07 PM Substitute amendment 151196 taken up  
5:01:14 PM Senator Martin explains amendment  
5:01:28 PM Senator Martin waives close  
5:01:38 PM Substitute amendment adopted  
5:01:47 PM Amendment 820822 by Senator Martin taken up  
5:01:54 PM Senator Martin explains the amendment  
5:02:10 PM Ash Mason, Office of Financial Regulation, waiving in support  
5:02:15 PM Senator Martin waives close  
5:02:20 PM Amendment adopted  
5:02:36 PM Ash Mason waiving in support  
5:02:47 PM Christopher Hodge, FL Credit Union Association, waiving in support  
5:02:58 PM Senator Martin waives close  
5:03:00 PM Roll call  
5:03:18 PM CS/SB 540 reported favorably  
5:03:33 PM Senator Vice Chair Sharief moves to adjourn  
5:03:34 PM Meeting adjourned