HB 29C

2023C

1	A bill to be entitled
2	An act relating to insurer accountability; amending s.
3	624.424, F.S.; revising reporting requirements for
4	insurers that pay financial consideration or payment
5	to affiliates; revising factors the office must
6	consider in determining whether such financial
7	consideration or payment is fair and reasonable;
8	specifying reporting requirements for insurers
9	relating to agreements with affiliates; providing an
10	effective date.
11	
12	Be It Enacted by the Legislature of the State of Florida:
13	
14	Section 1. Subsection (13) of section 624.424, Florida
15	Statutes, is amended to read:
16	624.424 Annual statement and other information
17	(13) <u>(a)</u> Each insurer doing business in this state which
18	pays a fee, commission, or other financial consideration or
19	payment to any affiliate directly or indirectly <u>must</u> is required
20	upon request to provide to the office <u>documentation supporting</u>
21	that such any information the office deems necessary. The fee,
22	commission, or other financial consideration or payment to any
23	affiliate <u>is</u> must be fair and reasonable <u>for each service being</u>
24	provided by contract. In determining whether the fee,
25	commission, or other financial consideration or payment is fair
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26 and reasonable, the office shall consider, at a minimum, the 27 following: 28 1. The actual cost of each service provided by an 29 affiliate; 30 2. The cost of that service, if provided by a 31 nonaffiliate; 32 3. The relative financial condition of the insurer and of 33 the managing general agent; 34 4. The level of holding company debt and how that debt is 35 serviced; 5. The amount of dividends paid by the managing general 36 37 agent and for what purpose; and 6. Whether the terms of the written contract benefit the 38 39 insurer and are in the best interest of policyholders. 40 (b) For each agreement with an affiliate in force on July 41 1, 2024, each insurer shall provide to the office no later than 42 October 1, 2024, the cost incurred by the affiliate to provide 43 each service, the amount charged to the insurer for each 44 service, and the dollar amount of fees forgiven, waived, or 45 reimbursed by the affiliate for the two most recent preceding years. If the total dollar amount charged to the insurer was 46 47 greater than the total cost to provide services for either year, 48 the insurer must explain how it determined the fee was fair and 49 reasonable. For any proposed contract with an affiliate effective after July 1, 2024, the insurer may include a proposal 50

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51	for the same services by an unaffiliated third party to support				
52	that the fee, commission, or other financial consideration or				
53	payment to the affiliate is fair and reasonable among other				
54	things, the actual cost of the service being provided.				
55	Section 2. This act shall take effect July 1, 2024.				

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