

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> </u>	(Y/N)
OTHER	<u> </u>	

1 Committee/Subcommittee hearing bill: Insurance & Banking
 2 Subcommittee

3 Representative Stevenson offered the following:

4

5 **Amendment (with title amendment)**

6 Remove everything after the enacting clause and insert:

7 Section 1. Subsection (1) of section 624.3161, Florida
 8 Statutes, is amended to read:

9 624.3161 Market conduct examinations.—

10 (1) As often as it deems necessary, The office shall
 11 examine each licensed rating organization, each advisory
 12 organization, each group, association, carrier, as defined in s.
 13 440.02, or other organization of insurers which engages in joint
 14 underwriting or joint reinsurance, the attorney in fact of each
 15 reciprocal insurer, and each authorized insurer transacting in
 16 this state any class of insurance to which ~~the provisions of~~

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17 chapter 627 ~~is are~~ applicable. The examination must ~~shall~~ be for
18 the purpose of ascertaining compliance by the person examined
19 with the applicable provisions of chapters 440, 624, 626, 627,
20 and 635.

21 Section 2. Paragraph (a) of subsection (10) of section
22 624.424, Florida Statutes, is amended to read:

23 624.424 Annual statement and other information.—

24 (10) (a) Each insurer or insurer group doing business in
25 this state shall file, on a monthly ~~quarterly~~ basis in
26 conjunction with financial reports required by paragraph (1) (a),
27 a supplemental report on an individual and group basis on a form
28 prescribed by the commission with information on personal lines
29 and commercial lines residential property insurance policies in
30 this state. The supplemental report must ~~shall~~ include separate
31 information for personal lines property policies and for
32 commercial lines property policies and totals for each item
33 specified, including premiums written for each of the property
34 lines of business as described in ss. 215.555(2) (c) and
35 627.351(6) (a). The report must ~~shall~~ include the following
36 information for each zip code ~~county on a monthly basis~~:

- 37 1. Total number of policies in force at the end of each
38 month.
- 39 2. Total number of policies canceled.
- 40 3. Total number of policies nonrenewed.
- 41 4. Number of policies canceled due to hurricane risk.

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- 42 5. Number of policies nonrenewed due to hurricane risk.
43 6. Number of new policies written.
44 7. Total dollar value of structure exposure under policies
45 that include wind coverage.
46 8. Number of policies that exclude wind coverage.
47 9. Number of claims open each month.
48 10. Number of claims closed each month.
49 11. Number of claims pending each month.
50 12. Number of claims in which either the insurer or
51 insured invoked any form of alternative dispute resolution, and
52 specifying which form of alternative dispute resolution was
53 used.

54 Section 3. Section 624.4305, Florida Statutes, is amended
55 to read:

56 624.4305 Nonrenewal of residential property insurance
57 policies.—Any insurer planning to nonrenew more than 10,000
58 residential property insurance policies in this state within a
59 12-month period shall give notice in writing to the Office of
60 Insurance Regulation for informational purposes 90 days before
61 the issuance of any notices of nonrenewal. The notice provided
62 to the office must set forth the insurer's reasons for such
63 action, the effective dates of nonrenewal, and any arrangements
64 made for other insurers to offer coverage to affected
65 policyholders. The commission may adopt rules to administer this
66 section.

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67 Section 4. Paragraph (d) of subsection (1) of section
68 624.46226, Florida Statutes, is amended to read:

69 624.46226 Public housing authorities self-insurance funds;
70 exemption for taxation and assessments.—

71 (1) Notwithstanding any other provision of law, any two or
72 more public housing authorities in the state as defined in
73 chapter 421 may form a self-insurance fund for the purpose of
74 pooling and spreading liabilities of its members as to any one
75 or combination of casualty risk or real or personal property
76 risk of every kind and every interest in such property against
77 loss or damage from any hazard or cause and against any loss
78 consequential to such loss or damage, provided the self-
79 insurance fund that is created:

80 (d) Maintains a continuing program of excess insurance
81 coverage and reinsurance ~~reserve evaluation~~ to protect the
82 financial stability of the fund ~~in an amount and manner~~
83 ~~determined by a qualified and independent actuary.~~ The program
84 must, at a minimum, ~~this program must:~~

85 1. Include a net retention in an amount and manner
86 selected by the administrator, ratified by the governing body,
87 and certified by a qualified actuary;

88 2. Include reinsurance or ~~Purchase~~ excess insurance from
89 authorized insurance carriers or eligible surplus lines
90 insurers; ~~and.~~

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91 3. Be certified by a qualified and independent actuary as
92 to the program's adequacy. This certification must be submitted
93 simultaneously with the certifications required under paragraphs
94 (b) and (c).

95 ~~2. Retain a per-loss occurrence that does not exceed~~
96 ~~\$350,000.~~

97
98 A for-profit or not-for-profit corporation, limited liability
99 company, or other similar business entity in which a public
100 housing authority holds an ownership interest or participates in
101 its governance under s. 421.08(8) may join a self-insurance fund
102 formed under this section in which such public housing authority
103 participates. Such for-profit or not-for-profit corporation,
104 limited liability company, or other similar business entity may
105 join the self-insurance fund solely to insure risks related to
106 public housing.

107 Section 5. Subsection (2) of section 626.9201, Florida
108 Statutes, is amended to read:

109 626.9201 Notice of cancellation or nonrenewal.—

110 (2) An insurer issuing a policy providing coverage for
111 property, casualty, surety, or marine insurance must give the
112 named insured written notice of cancellation or termination
113 other than nonrenewal at least 45 days before the effective date
114 of the cancellation or termination, including in the written

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115 notice the reasons for the cancellation or termination, except
116 that:

117 (a) If cancellation is for nonpayment of premium, at least
118 10 days' written notice of cancellation accompanied by the
119 reason for cancellation must be given. As used in this
120 paragraph, the term "nonpayment of premium" means the failure of
121 the named insured to discharge when due any of his or her
122 obligations in connection with the payment of premiums on a
123 policy or an installment of such a premium, whether the premium
124 or installment is payable directly to the insurer or its agent
125 or indirectly under any plan for financing premiums or extension
126 of credit or the failure of the named insured to maintain
127 membership in an organization if such membership is a condition
128 precedent to insurance coverage. The term also includes the
129 failure of a financial institution to honor the check of an
130 applicant for insurance which was delivered to a licensed agent
131 for payment of a premium, even if the agent previously delivered
132 or transferred the premium to the insurer. If a correctly
133 dishonored check represents payment of the initial premium, the
134 contract and all contractual obligations are void ab initio
135 unless the nonpayment is cured within the earlier of 5 days
136 after actual notice by certified mail is received by the
137 applicant or 15 days after notice is sent to the applicant by
138 certified mail or registered mail, and, if the contract is void,

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139 any premium received by the insurer from a third party must
140 ~~shall~~ be refunded to that party in full; ~~and~~

141 (b) If cancellation or termination occurs during the first
142 90 days during which the insurance is in force and if the
143 insurance is canceled or terminated for reasons other than
144 nonpayment, at least 20 days' written notice of cancellation or
145 termination accompanied by the reason for cancellation or
146 termination must be given, except if there has been a material
147 misstatement or misrepresentation or failure to comply with the
148 underwriting requirements established by the insurer; and-

149 (c)1. Upon a declaration of an emergency pursuant to s.
150 252.36 and the filing of an order by the Commissioner of
151 Insurance Regulation, an insurer may not cancel or nonrenew a
152 personal residential or commercial residential property
153 insurance policy covering a dwelling or residential property
154 located in this state which has been damaged as a result of a
155 hurricane or wind loss that is the subject of the declaration of
156 emergency for 90 days after the dwelling or residential property
157 has been repaired. A dwelling or residential property is deemed
158 to be repaired when substantially completed and restored to the
159 extent that the dwelling or residential property is insurable by
160 another insurer that is writing policies in this state.

161 2. An insurer or agent may cancel or nonrenew such a
162 policy before the repair of the dwelling or residential
163 property:

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164 a. Upon 10 days' notice for nonpayment of premium; or

165 b. Upon 45 days' notice:

166 (I) For a material misstatement or fraud related to the
167 claim;

168 (II) If the insurer determines that the insured has
169 unreasonably caused a delay in the repair of the dwelling or
170 residential property;

171 (III) If the insurer or its agent has made a reasonable
172 written inquiry to the insured as to the status of the repair
173 and the insured has failed within 30 calendar days to provide
174 information that is responsive to the inquiry to either the
175 address or e-mail account designated by the insurer or its
176 agent; or

177 (IV) If the insurer has paid policy limits.

178 3. If the insurer elects to nonrenew a policy covering a
179 dwelling or residential property that has been damaged, the
180 insurer must provide at least 90 days' notice to the insured
181 that the insurer intends to nonrenew the policy 90 days after
182 the property has been repaired.

183 4. This paragraph does not prevent the insurer from
184 canceling or nonrenewing the policy 90 days after the repair is
185 completed for the same reasons the insurer would otherwise have
186 canceled or nonrenewed the policy but for the limitations
187 imposed in subparagraph 1.

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188 5. The commission may adopt rules, and the Commissioner of
189 Insurance Regulation may issue orders, necessary to implement
190 this paragraph.

191 Section 6. Paragraph (j) of subsection (2) of section
192 627.062, Florida Statutes, is amended to read:

193 627.062 Rate standards.—

194 (2) As to all such classes of insurance:

195 (j) With respect to residential property insurance rate
196 filings, the rate filing:

197 1. Must account for mitigation measures undertaken by
198 policyholders to reduce hurricane losses and windstorm losses.

199 2. May use a modeling indication that is the weighted or
200 straight average of two or more hurricane loss projection models
201 found by the Florida Commission on Hurricane Loss Projection
202 Methodology to be accurate or reliable pursuant to s. 627.0628.

203 If an averaged model is used under this section, the same
204 averaged model must be used throughout this state. If a weighted
205 average is used, the insurer must provide the office with a
206 justification for using the weighted average which shows that
207 the weighted average results in a rate that is reasonable,
208 adequate, and fair.

209
210 The provisions of this subsection do not apply to workers'
211 compensation, employer's liability insurance, and motor vehicle
212 insurance.

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213 Section 7. Paragraph (n) of subsection (6) of section
214 627.351, Florida Statutes, is amended to read:
215 627.351 Insurance risk apportionment plans.—
216 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—
217 (n)1. Rates for coverage provided by the corporation must
218 be actuarially sound pursuant to s. 627.062 and not competitive
219 with approved rates charged in the admitted voluntary market so
220 that the corporation functions as a residual market mechanism to
221 provide insurance only when insurance cannot be procured in the
222 voluntary market, except as otherwise provided in this
223 paragraph. The office shall provide the corporation such
224 information as would be necessary to determine whether rates are
225 competitive. The corporation shall file its recommended rates
226 with the office at least annually. The corporation shall provide
227 any additional information regarding the rates which the office
228 requires. The office shall consider the recommendations of the
229 board and issue a final order establishing the rates for the
230 corporation within 45 days after the recommended rates are
231 filed. The corporation may not pursue an administrative
232 challenge or judicial review of the final order of the office.
233 2. In addition to the rates otherwise determined pursuant
234 to this paragraph, the corporation shall impose and collect an
235 amount equal to the premium tax provided in s. 624.509 to
236 augment the financial resources of the corporation.

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237 3. After the public hurricane loss-projection model under
238 s. 627.06281 has been found to be accurate and reliable by the
239 Florida Commission on Hurricane Loss Projection Methodology, the
240 model shall be considered when establishing the windstorm
241 portion of the corporation's rates. The corporation may use the
242 public model results in combination with the results of private
243 models to calculate rates for the windstorm portion of the
244 corporation's rates. This subparagraph does not require or allow
245 the corporation to adopt rates lower than the rates otherwise
246 required or allowed by this paragraph.

247 4. The corporation must make a recommended actuarially
248 sound rate filing for each personal and commercial line of
249 business it writes.

250 5. Notwithstanding the board's recommended rates and the
251 office's final order regarding the corporation's filed rates
252 under subparagraph 1., the corporation shall annually implement
253 a rate increase which, except for sinkhole coverage, does not
254 exceed the following for any single policy issued by the
255 corporation, excluding coverage changes and surcharges:

- 256 a. Twelve percent for 2023.
- 257 b. Thirteen percent for 2024.
- 258 c. Fourteen percent for 2025.
- 259 d. Fifteen percent for 2026 and all subsequent years.

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260 6. The corporation may also implement an increase to
261 reflect the effect on the corporation of the cash buildup factor
262 pursuant to s. 215.555(5)(b).

263 7. The corporation's implementation of rates as prescribed
264 in subparagraphs 5. and 8. shall cease for any line of business
265 written by the corporation upon the corporation's implementation
266 of actuarially sound rates. Thereafter, the corporation shall
267 annually make a recommended actuarially sound rate filing that
268 is not competitive with approved rates in the admitted voluntary
269 market for each commercial and personal line of business the
270 corporation writes.

271 8. ~~The following~~ New or renewal personal lines policies
272 that do not cover a primary residence ~~written on or after~~
273 ~~November 1, 2023,~~ are not subject to the rate increase
274 limitations in subparagraph 5., but may not be charged more than
275 50 percent above, nor less than, the prior year's established
276 rate for the corporation.

277 ~~a. Policies that do not cover a primary residence;~~

278 ~~b. New policies under which the coverage for the insured~~
279 ~~risk, before the date of application with the corporation, was~~
280 ~~last provided by an insurer determined by the office to be~~
281 ~~unsound or an insurer placed in receivership under chapter 631;~~
282 ~~or~~

283 ~~e. Subsequent renewals of those policies, including the~~
284 ~~new policies in sub-subparagraph b., under which the coverage~~

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285 ~~for the insured risk, before the date of application with the~~
286 ~~corporation, was last provided by an insurer determined by the~~
287 ~~office to be unsound or an insurer placed in receivership under~~
288 ~~chapter 631.~~

289 9. As used in this paragraph, the term "primary residence"
290 means the dwelling that is the policyholder's primary home or is
291 a rental property that is the primary home of the tenant, and
292 which the policyholder or tenant occupies for more than 9 months
293 of each year.

294 Section 8. Section 628.011, Florida Statutes, is amended
295 to read:

296 628.011 Scope of part.—This part applies only to domestic
297 ~~stock~~ insurers, mutual insurers, and captive insurers, except
298 that s. 628.341(2) applies also as to foreign and alien
299 insurers.

300 Section 9. Section 628.061, Florida Statutes, is amended
301 to read:

302 628.061 Investigation of proposed organization.—In
303 connection with any proposal to organize or incorporate a
304 domestic insurer, the office shall make an investigation of:

305 (1) The character, reputation, financial standing, and
306 motives of the organizers, incorporators, and subscribers
307 organizing the proposed insurer or any attorney in fact.

308 (2) The character, financial responsibility, insurance
309 experience, and business qualifications of its proposed

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310 officers, members of its subscribers' advisory committee, or
311 officers of its attorney in fact.

312 (3) The character, financial responsibility, business
313 experience, and standing of the proposed stockholders and
314 directors, including the stockholders and directors of any
315 attorney in fact.

316 Section 10. Subsections (1), (2), and (5) of section
317 628.801, Florida Statutes, are amended to read:

318 628.801 Insurance holding companies; registration;
319 regulation.—

320 (1) An insurer that is authorized to do business in this
321 state and that is a member of an insurance holding company
322 shall, on or before April 1 of each year, register with the
323 office and file a registration statement and be subject to
324 regulation with respect to its relationship to the holding
325 company as provided by law or rule. The commission shall adopt
326 rules establishing the information and statement form required
327 for registration and the manner in which registered insurers and
328 their affiliates are regulated. The rules apply to domestic
329 insurers, foreign insurers, and commercially domiciled insurers,
330 except for foreign insurers domiciled in states that are
331 currently accredited by the NAIC. Except to the extent of any
332 conflict with this code, the rules must include all requirements
333 and standards of the Insurance Holding Company System Model
334 Regulation and ss. 4 and 5 of the Insurance Holding Company

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335 System Regulatory Act ~~and the Insurance Holding Company System~~
336 ~~Model Regulation~~ of the NAIC, as adopted in December 2020 ~~2010~~.
337 The commission may adopt subsequent amendments thereto if the
338 methodology remains substantially consistent. The rules may
339 include a prohibition on oral contracts between affiliated
340 entities. Material transactions between an insurer and its
341 affiliates must ~~shall~~ be filed with the office as provided by
342 rule.

343 (2) ~~Effective January 1, 2015,~~ The ultimate controlling
344 person of every insurer subject to registration shall also file
345 an annual enterprise risk report on or before April 1. As used
346 in this subsection, the term "ultimate controlling person" means
347 a person who is not controlled by any other person. The report
348 must, to the best of the ultimate controlling person's knowledge
349 and belief, ~~must~~ identify the material risks within the
350 insurance holding company system that could pose enterprise risk
351 to the insurer. The report must ~~shall~~ be filed with the lead
352 state office of the insurance holding company system as
353 determined by the procedures within the Financial Analysis
354 Handbook adopted by the NAIC and is confidential and exempt from
355 public disclosure as provided in s. 624.4212.

356 (a) An insurer may satisfy this requirement by providing
357 the office with the most recently filed parent corporation
358 reports that have been filed with the Securities and Exchange

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359 Commission which provide the appropriate enterprise risk
360 information.

361 (b) The term "enterprise risk" means an activity,
362 circumstance, event, or series of events involving one or more
363 affiliates of an insurer which, if not remedied promptly, are
364 likely to have a materially adverse effect upon the financial
365 condition or liquidity of the insurer or its insurance holding
366 company system as a whole, including anything that would cause
367 the insurer's risk-based capital to fall into company action
368 level as set forth in s. 624.4085 or would cause the insurer to
369 be in a hazardous financial condition.

370 (c) The office may adopt rules for filing the annual
371 enterprise risk report in accordance with the Insurance Holding
372 Company System Regulatory Act and the Insurance Holding Company
373 System Model Regulation of the NAIC, as adopted in December
374 2020.

375 (5) ~~Effective January 1, 2015,~~ The failure to file a
376 registration statement, or a summary of the registration
377 statement, or the enterprise risk filing report required by this
378 section within the time specified for filing is a violation of
379 this section.

380 Section 11. Section 629.011, Florida Statutes, is amended
381 to read:

382 629.011 Definitions ~~"Reciprocal insurance" defined.~~ As
383 used in this part, the term:

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384 (1) "Affiliated person" of another person means any of the
385 following:

386 (a) The spouse of the other person.

387 (b)1. The parents of the other person or their lineal
388 descendants.

389 2. The parents of the other person's spouse or their
390 lineal descendants.

391 (c) A person who directly or indirectly owns or controls,
392 or holds with the power to vote, 10 percent or more of the
393 outstanding voting securities of the other person.

394 (d) A person who directly or indirectly owns 10 percent or
395 more of the outstanding voting securities that are directly or
396 indirectly owned or controlled, or held with the power to vote,
397 by the other person.

398 (e) A person or group of persons who directly or
399 indirectly control, are controlled by, or are under common
400 control with the other person.

401 (f) A director, officer, trustee, partner, owner, manager,
402 joint venturer, or employee, or another person who is performing
403 duties similar to those of persons in such positions, of the
404 other person.

405 (g) If the other person is an investment company, any
406 investment adviser of such company or any member of an advisory
407 board of such company.

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408 (h) If the other person is an unincorporated investment
409 company not having a board of directors, the depositor of such
410 company.

411 (i) A person who has entered into an agreement, written or
412 unwritten, to act in concert with the other person in acquiring,
413 or limiting the disposition of:

414 1. Securities of an attorney in fact or controlling
415 company that is a stock corporation; or

416 2. An ownership interest of an attorney in fact or
417 controlling company that is not a stock corporation.

418 (2) "Attorney in fact" or "attorney" means the attorney in
419 fact of a reciprocal insurer. The attorney in fact may be an
420 individual, a corporation, or another person.

421 (3) "Controlling company" means a person, corporation,
422 trust, limited liability company, association, or other entity
423 owning, directly or indirectly, 10 percent or more of the voting
424 securities of one or more attorneys in fact that are stock
425 corporations, or 10 percent or more of the ownership interest of
426 one or more attorneys in fact that are not stock corporations.

427 (4) "Reciprocal insurance" ~~means is that resulting from~~ an
428 interexchange among persons, known as "subscribers," of
429 reciprocal agreements of indemnity, the interexchange being
430 effectuated through an "attorney in fact" common to all such
431 persons.

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

436 Section 12. Section 629.021, Florida Statutes, is
437 repealed.

438 Section 13. Section 629.061, Florida Statutes, is
439 repealed.

440 Section 14. Section 629.081, Florida Statutes, is amended
441 to read:

442 629.081 Organization of reciprocal insurer.—

443 (1) Twenty-five or more persons domiciled in this state
444 may organize a domestic reciprocal insurer by applying and make
445 application to the office for a permit to do so. A domestic
446 reciprocal insurer may not be formed unless the persons so
447 proposing have first received a permit from the office a
448 certificate of authority to transact insurance.

449 (2) The permit application, to be filed by the organizers
450 or the proposed attorney in fact, must be in writing and made in
451 accordance with forms prescribed by the commission. In addition
452 to any applicable requirements of s. 628.051 and other relevant
453 statutes, the application must include all of the following
454 shall fulfill the requirements of and shall execute and file
455 with the office, when applying for a certificate of authority, a
456 declaration setting forth:

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- 457 (a) The name of the proposed reciprocal insurer, which
458 must be in accordance with s. 629.051.†
- 459 (b) The location of the insurer's principal office, which
460 must ~~shall~~ be the same as that of the proposed attorney in fact
461 and must ~~shall~~ be maintained within this state.†
- 462 (c) The kinds of insurance proposed to be transacted.†
- 463 (d) The names and addresses of the original 25 or more
464 subscribers.†
- 465 (e) The proposed designation and appointment of the
466 proposed attorney in fact and a copy of the proposed power of
467 attorney.†
- 468 (f) The names and addresses of the officers and directors
469 of the proposed attorney in fact, if a corporation, or of its
470 members, if other than a corporation.†
- 471 (g) The background information as specified in s. 629.227
472 for all officers, directors, managers, and those in equivalent
473 positions of the proposed attorney in fact as well as for any
474 person with an ownership interest of 10 percent or more in the
475 proposed attorney in fact.
- 476 (h) The articles of incorporation and bylaws, or
477 equivalent documents, of the proposed attorney in fact, dated
478 within the last year and appropriately certified.
- 479 (i) The proposed charter ~~powers~~ of the subscribers'
480 advisory committee, and the names and terms of office of the

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481 members thereof, as well as the background information as
482 specified in s. 629.227 for each proposed member.‡

483 ~~(h) That all moneys paid to the reciprocal shall, after~~
484 ~~deducting therefrom any sum payable to the attorney, be held in~~
485 ~~the name of the insurer and for the purposes specified in the~~
486 ~~subscribers' agreement;~~

487 (j)(i) A copy of the proposed subscribers' agreement.‡

488 ~~(j) A statement that each of the original subscribers has~~
489 ~~in good faith applied for insurance of a kind proposed to be~~
490 ~~transacted, and that the insurer has received from each such~~
491 ~~subscriber the full premium or premium deposit required for the~~
492 ~~policy applied for, for a term of not less than 6 months at an~~
493 ~~adequate rate theretofore filed with and approved by the office;~~

494 ~~(k) A statement of the financial condition of the insurer,~~
495 ~~a schedule of its assets, and a statement that the surplus as~~
496 ~~required by s. 629.071 is on hand; and~~

497 ~~(l) A copy of each policy, endorsement, and application~~
498 ~~form it then proposes to issue or use.~~

499 (l) Any other pertinent information and documents as
500 reasonably requested by the office.

501 (3) The filing must be accompanied by the application fee
502 required by s. 624.501(1)(a).

503 (4) The office shall evaluate and grant or deny the permit
504 application in accordance with ss. 628.061, 628.071, and other
505 relevant provisions of the code.

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~~Such declaration shall be acknowledged by the attorney before an officer authorized to take acknowledgments.~~

Section 15. Section 629.091, Florida Statutes, is amended to read:

629.091 Reciprocal certificate of authority.-

(1) A domestic reciprocal insurer may seek a certificate of authority only after obtaining a permit.

(2) To apply for a certificate of authority as a domestic reciprocal insurer, the attorney in fact of an applicant who has previously received a permit from the office may file an application for a certificate of authority in accordance with forms prescribed by the commission which, in addition to applicable requirements of ss. 624.404, 624.411, 624.413, and other relevant statutes, consists of all of the following:

(a) Executed copies of any proposed or draft documents required as part of the permit application.

(b) A statement affirming that all moneys paid to the reciprocal insurer shall, after deducting therefrom any sum payable to the attorney in fact, be held in the name of the insurer and for the purposes specified in the subscribers' agreement.

(c) A statement that each of the original subscribers has in good faith applied for insurance of a kind proposed to be transacted, and that the insurer has received from each such

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531 subscriber the full premium or premium deposit required for the
532 policy applied for, for a term of not less than 6 months at an
533 adequate rate that was filed with and approved by the office.

534 (d) A copy of the bond required under s. 629.121.

535 (e) A statement of the financial condition of the insurer,
536 a schedule of its assets, and a statement that the surplus as
537 required by s. 629.071 is on hand.

538 (f) Such other pertinent information or documents as
539 reasonably requested by the office.

540 (3) If the reciprocal insurer intends to issue
541 nonassessable policies upon receipt of a certificate of
542 authority and if the office determines that the reciprocal
543 insurer meets the legal requirements to issue nonassessable
544 policies, including the surplus requirements, the office shall
545 grant the authorization. If the surplus of the reciprocal
546 insurer becomes impaired, the insurer may no longer issue or
547 renew nonassessable policies or convert assessable policies to
548 nonassessable policies, and s. 629.301 applies.

549 (4) The certificate of authority ~~must of a reciprocal~~
550 ~~insurer shall be issued to its attorney~~ in the name of the
551 ~~reciprocal insurer to its attorney in fact.~~

552 Section 16. Section 629.094, Florida Statutes, is created
553 to read:

554 629.094 Continued eligibility for certificate of
555 authority.-In order to maintain its eligibility for a

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556 certificate of authority, a domestic reciprocal insurer must
557 continue to meet all applicable conditions required for
558 receiving the initial permit and certificate of authority under
559 the insurance code and the rules adopted thereunder.

560 Section 17. Section 629.101, Florida Statutes, is amended
561 to read:

562 629.101 Power of attorney in fact.—

563 (1) The rights and powers of the attorney of a reciprocal
564 insurer are ~~shall be~~ as provided in the power of attorney given
565 it by the subscribers.

566 (2) The power of attorney must set forth all of the
567 following:

568 (a) The powers of the attorney.†

569 (b) That the attorney is empowered to accept service of
570 process on behalf of the insurer in actions against the insurer
571 upon contracts exchanged.†

572 (c) The general services to be performed by the attorney.†

573 (d) That the attorney has a fiduciary duty to the
574 subscribers of the reciprocal insurer.

575 ~~(e)-(d)~~ The maximum amount to be deducted from advance
576 premiums or deposits to be paid to the attorney and the general
577 items of expense in addition to losses, to be paid by the
578 insurer.† ~~and~~

579 ~~(f)-(e)~~ Except as to nonassessable policies, a provision
580 for a contingent several liability of each subscriber in a

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581 specified amount, which amount ~~may shall be~~ not be less than 5
582 nor more than 10 times the premium or premium deposit stated in
583 the policy.

584 (3) The power of attorney may:

585 (a) Provide for the right of substitution of the attorney
586 and revocation of the power of attorney and rights thereunder.~~†~~

587 (b) Impose such restrictions upon the exercise of the
588 power as are agreed upon by the subscribers.~~†~~

589 (c) Provide for the exercise of any right reserved to the
590 subscribers directly or through their advisory committee.~~†~~ ~~and~~

591 (d) Contain other lawful provisions deemed advisable.

592 (4) The terms of any power of attorney or agreement
593 collateral thereto must ~~shall~~ be reasonable and equitable, and
594 no such power or agreement may ~~shall~~ be used or be effective in
595 this state unless filed with the office.

596 Section 18. Section 629.225, Florida Statutes, is created
597 to read:

598 629.225 Acquisitions.-

599 (1) A person may not, individually or in conjunction with
600 an affiliated person of such person, directly or indirectly,
601 conclude a tender offer or exchange offer for, enter into any
602 agreement to exchange securities for, or otherwise finally
603 acquire 10 percent or more of the outstanding voting securities
604 of an attorney in fact that is a stock corporation or of a
605 controlling company of an attorney in fact that is a stock

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606 corporation; or conclude an acquisition of, or otherwise finally
607 acquire, 10 percent or more of the ownership interest of an
608 attorney in fact that is not a stock corporation or of a
609 controlling company of an attorney in fact that is not a stock
610 corporation, unless all of the following conditions are met:

611 (a)1. The person or affiliated person has filed with the
612 office and sent to the principal office of the attorney in fact,
613 any controlling company of the attorney in fact, the
614 subscribers' advisory committee, and the domestic reciprocal
615 insurer a letter of notification regarding the transaction or
616 proposed transaction no later than 5 days after any form of
617 tender offer or exchange offer is proposed, or no later than 5
618 days after the acquisition of the securities or ownership
619 interest if a tender offer or exchange offer is not involved.
620 The notification must be provided on forms prescribed by the
621 commission containing information determined necessary to
622 understand the transaction and identify all purchasers and
623 owners involved.

624 2. The subscribers' advisory committee must provide the
625 notification to the subscribers of the reciprocal insurer within
626 3 business days. Such notification must be provided on a form
627 prescribed by the commission explaining what the notification is
628 and letting the subscribers know of the filing deadlines for
629 objecting to the acquisition.

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630 (b) The person or affiliated person has filed with the
631 office an application, signed under oath and prepared on forms
632 prescribed by the commission, which contains the information
633 specified in subsection (3). The application must be completed
634 and filed within 30 days after any form of tender offer or
635 exchange offer is proposed, or after the acquisition of the
636 securities if a tender offer or exchange offer is not involved.

637 (c) The office has approved the tender offer or exchange
638 offer, or acquisition if a tender offer or exchange offer is not
639 involved.

640 (2) The person or affiliated person filing the notice
641 required in paragraph (1) (a) may additionally request the office
642 to waive the requirements of paragraph (1) (b), provided that
643 there is no change in the ultimate controlling shareholders and
644 no change in the ownership percentages of the ultimate
645 controlling shareholders, and no unaffiliated parties acquire
646 any direct or indirect interest in the attorney in fact. The
647 office may waive the filing required in paragraph (1) (b) if it
648 determines that in fact there is no change in the ultimate
649 controlling shareholders and no change in the ownership
650 percentages of the ultimate controlling shareholders, and no
651 unaffiliated parties will acquire any direct or indirect
652 interest in the attorney in fact.

653 (3) The application to be filed with the office and
654 furnished to the attorney in fact must contain all of the

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655 following information and any additional information as the
656 office deems necessary to determine the character, experience,
657 ability, and other qualifications of the person or affiliated
658 person of such person for the protection of the reciprocal
659 insurer's subscribers and of the public:

660 (a) The identity and background information specified in
661 s. 629.227 of:

662 1. Each person by whom, or on whose behalf, the
663 acquisition is to be made; and

664 2. Any person who controls, directly or indirectly, such
665 other person, including each director, officer, trustee,
666 partner, owner, manager, or joint venturer, or another person
667 performing duties similar to those of persons in such positions,
668 for the person.

669 (b) The source and amount of the funds or other
670 consideration used, or to be used, in making the acquisition.

671 (c) Any plans or proposals that such persons may have made
672 to liquidate the attorney in fact or controlling company, to
673 sell any of their assets or merge or consolidate them with any
674 person, or to make any other major change in their business or
675 corporate structure or management.

676 (d) The nature and the extent of the controlling interest
677 which the person or affiliated person of such person proposes to
678 acquire, the terms of the proposed acquisition, and the manner
679 in which the controlling interest is to be acquired of an

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680 attorney in fact or controlling company which is not a stock
681 corporation.

682 (e) The number of shares or other securities that the
683 person or affiliated person of such person proposes to acquire,
684 the terms of the proposed acquisition, and the manner in which
685 the securities are to be acquired.

686 (f) Information as to any contract, arrangement, or
687 understanding with any party with respect to any of the
688 securities of the attorney in fact or controlling company,
689 including, but not limited to, information relating to the
690 transfer of any of the securities, option arrangements, puts or
691 calls, or the giving or withholding of proxies, which
692 information names the party with whom the contract, arrangement,
693 or understanding has been entered into and gives the details
694 thereof.

695 (4) The filing must be accompanied by the fee required
696 under s. 624.501(1)(a).

697 (5) If any material change occurs in the facts provided in
698 the application filed with the office pursuant to this section,
699 or the background information required under s. 629.227, an
700 amendment specifying such changes must be filed immediately with
701 the office, and a copy of the amendment must be sent to the
702 principal office of the attorney in fact and to the principal
703 office of the controlling company.

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704 (6) (a) The acquisition application must be reviewed in
705 accordance with chapter 120. The office may, on its own
706 initiative, or, if requested to do so in writing by a
707 substantially affected person, shall conduct a proceeding to
708 consider the appropriateness of the proposed filing. Time
709 periods for purposes of chapter 120 are tolled during the
710 pendency of the proceeding. Any written request for a proceeding
711 must be filed with the office within 10 days after the date on
712 which notice of the filing is given, or 10 days after the date
713 on which notice of the filing is sent to the subscribers by the
714 subscribers' advisory committee, whichever is later. During the
715 pendency of the proceeding or review period by the office, any
716 person or affiliated person complying with the filing
717 requirements of this section may proceed and take all steps
718 necessary to conclude the acquisition as long as the
719 acquisition's becoming final is conditioned upon obtaining
720 office approval. However, at any time that the office finds that
721 an immediate danger to the public health, safety, and welfare of
722 the reciprocal insurer's subscribers exists, the office shall
723 immediately order, pursuant to s. 120.569(2)(n), the proposed
724 acquisition disapproved and any further steps to conclude the
725 acquisition ceased.

726 (b) During the pendency of the office's review of any
727 acquisition subject to this section, the acquiring person may
728 not make any material change in the operation of the attorney in

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729 fact or controlling company unless the office has specifically
730 approved the change, and the acquiring person may not make any
731 material change in the management of the attorney in fact unless
732 advance written notice of the change in management is furnished
733 to the office. As used in this paragraph, the term "material
734 change in the operation of the attorney in fact" means a
735 transaction that disposes of or obligates 5 percent or more of
736 the capital and surplus of the attorney in fact or of any
737 domestic reciprocal insurer. The term "material change in the
738 management of the attorney in fact" means any change in
739 management involving officers or directors of the attorney in
740 fact or any person of the attorney in fact or controlling
741 company having authority to dispose of or obligate 5 percent or
742 more of the attorney in fact's capital or surplus. The office
743 must approve a material change in operations if it finds the
744 applicable provisions of subsection (7) have been met. The
745 office may disapprove a material change in management if it
746 finds that the applicable provisions of subsection (7) have not
747 been met, and, in such case, the attorney in fact shall promptly
748 change management as acceptable to the office.

749 (c) If a request for a proceeding is filed, the proceeding
750 must be conducted within 60 days after the date the written
751 request for a proceeding is received by the office. A
752 recommended order must be issued within 20 days after the date
753 of the close of the proceedings. A final order must be issued

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754 within 20 days after the date of the recommended order or, if
755 exceptions to the recommended order are filed, within 20 days
756 after the date the exceptions are filed.

757 (7) The office may disapprove any acquisition subject to
758 this section by any person, or any affiliated person of such
759 person, who:

760 (a) Willfully violates this section;

761 (b) In violation of an order issued by the office pursuant
762 to subsection (12), fails to divest himself or herself of any
763 stock or ownership interest obtained in violation of this
764 section or fails to divest himself or herself of any direct or
765 indirect control of such stock or ownership interest, within 25
766 days after such order; or

767 (c) In violation of an order issued by the office pursuant
768 to subsection (12), acquires an additional stock or ownership
769 interest in an attorney in fact or controlling company or direct
770 or indirect control of such stock or ownership interest, without
771 complying with this section.

772 (8) The person filing the application required by this
773 section has the burden of proof. The office must approve any
774 such acquisition if it finds, on the basis of the record made
775 during any proceeding or on the basis of the filed application
776 if no proceeding is conducted, that:

777 (a) The financial condition of the acquiring person will
778 not jeopardize the financial stability of the attorney in fact

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779 or prejudice the interests of the reciprocal insurer's
780 subscribers or the public.

781 (b) Any plan or proposal that the acquiring person has
782 made:

783 1. To liquidate the attorney in fact, sell its assets, or
784 merge or consolidate it with any person, or to make any other
785 major change in its business or corporate structure or
786 management; or

787 2. To liquidate any controlling company, sell its assets,
788 or merge or consolidate it with any person, or to make any major
789 change in its business or corporate structure or management
790 which would have an effect upon the attorney in fact,

791
792 is fair and free of prejudice to the reciprocal insurer's
793 subscribers or to the public.

794 (c) The competence, experience, and integrity of those
795 persons who will control directly or indirectly the operation of
796 the attorney in fact indicate that the acquisition is in the
797 best interest of the reciprocal insurer's subscribers and in the
798 public interest.

799 (d) The natural persons for whom background information is
800 required to be furnished pursuant to this section have such
801 backgrounds as to indicate that it is in the best interests of
802 the reciprocal insurer's subscribers and in the public interest

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803 to permit such persons to exercise control over the attorney in
804 fact.

805 (e) The directors and officers, if such attorney in fact
806 or controlling company is a stock corporation, or the trustees,
807 partners, owners, managers, joint venturers, or other persons
808 performing duties similar to those of persons in such positions,
809 if such attorney in fact or controlling company is not a stock
810 corporation, to be employed after the acquisition have
811 sufficient insurance experience and ability to ensure reasonable
812 promise of successful operation.

813 (f) The management of the attorney in fact after the
814 acquisition will be competent and trustworthy and will possess
815 sufficient managerial experience so as to make the proposed
816 operation of the attorney in fact not hazardous to the
817 insurance-buying public.

818 (g) The management of the attorney in fact after the
819 acquisition will not include any person who has directly or
820 indirectly through ownership, control, reinsurance transactions,
821 or other insurance or business relations unlawfully manipulated
822 the assets, accounts, finances, or books of any insurer or
823 otherwise acted in bad faith with respect thereto.

824 (h) The acquisition is not likely to be hazardous or
825 prejudicial to the reciprocal insurer's subscribers or to the
826 public.

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827 (i) The effect of the acquisition would not substantially
828 lessen competition in the line of insurance for which the
829 reciprocal insurer is licensed or certified in this state or
830 would not tend to create a monopoly therein.

831 (9) A vote by the stockholder of record, or by any other
832 person, of any security acquired in contravention of this
833 section is not valid. Any acquisition contrary to this section
834 is void. Upon the petition of the attorney in fact, the
835 controlling company, or the reciprocal insurer, the circuit
836 court for the county in which the principal office of the
837 attorney in fact is located may, without limiting the generality
838 of its authority, order the issuance or entry of an injunction
839 or other order to enforce this section. There is a private right
840 of action in favor of the attorney in fact or controlling
841 company to enforce this section. A demand upon the office that
842 it perform its functions is not required as a prerequisite to
843 any suit by the attorney in fact or controlling company against
844 another person, and in no case is the office deemed a necessary
845 party to any action by the attorney in fact or controlling
846 company to enforce this section. Any person who makes or
847 proposes an acquisition requiring the filing of an application
848 pursuant to this section, or who files such an application, is
849 deemed thereby to have designated the Chief Financial Officer,
850 or his or her assistant or deputy or another person in charge of
851 his or her office, as such person's agent for service of process

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852 under this section and is deemed thereby to have submitted
853 himself or herself to the administrative jurisdiction of the
854 office and to the jurisdiction of the circuit court.

855 (10) Any approval by the office under this section does
856 not constitute a recommendation by the office of the tender
857 offer or exchange offer, or the acquisition if a tender offer or
858 exchange offer is not involved. It is unlawful for a person to
859 represent that the office's approval constitutes a
860 recommendation. A person who violates this subsection commits a
861 felony of the third degree, punishable as provided in s.
862 775.082, s. 775.083, or s. 775.084. The statute-of-limitations
863 period for the prosecution of an offense committed under this
864 subsection is 5 years.

865 (11) A person may rebut a presumption of control by filing
866 a disclaimer of control with the office on a form prescribed by
867 the commission. The disclaimer must fully disclose all material
868 relationships and bases for affiliation between the person and
869 the attorney in fact as well as the basis for disclaiming the
870 affiliation. In lieu of such form, a person or acquiring party
871 may file with the office a copy of a Schedule 13G filed with the
872 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
873 (c), 17 C.F.R. s. 240.13d-1, under the Securities Exchange Act
874 of 1934, as amended. After a disclaimer has been filed, the
875 attorney in fact is relieved of any duty to register or report
876 under this section which may arise out of the attorney in fact's

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877 relationship with the person unless the office disallows the
878 disclaimer.

879 (12) If the office determines that any person or any
880 affiliated person of such person has acquired 10 percent or more
881 of the outstanding voting securities of an attorney in fact or
882 controlling company that is a stock corporation, or 10 percent
883 or more of the ownership interest of an attorney in fact or
884 controlling company that is not a stock corporation, without
885 complying with this section, the office may order that the
886 person and any affiliated person of such person cease
887 acquisition of the attorney in fact or controlling company and,
888 if appropriate, divest itself of any stock or ownership interest
889 acquired in violation of this section.

890 (13) (a) The office shall, if necessary to protect the
891 public interest, suspend or revoke the certificate of authority
892 of the reciprocal insurer whose attorney in fact or controlling
893 company is acquired in violation of this section.

894 (b) If a reciprocal insurer is subject to suspension or
895 revocation pursuant to paragraph (a), any other reciprocal
896 insurer using the same attorney in fact is also subject to
897 suspension or revocation. In such case, the office may offer any
898 affected reciprocal insurer, through its subscriber
899 representatives, the ability to cure any suspension or
900 revocation by procuring another attorney in fact acceptable to

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901 the office or by taking any other action agreed to by the
902 office.

903 (14) This section applies to domestic reciprocal insurers
904 and the attorney in fact of domestic reciprocal insurers. This
905 section does not apply to any acquisition of voting securities
906 or ownership interest of an attorney in fact or of a controlling
907 company by any person who is the owner of a majority of the
908 voting securities or ownership interest with the approval of the
909 office under this section or s. 629.091.

910 Section 19. Section 629.227, Florida Statutes, is created
911 to read:

912 629.227 Background information.—The information as to the
913 background and identity of each person about whom information is
914 required to be furnished pursuant to s. 629.081 or s. 629.225
915 must include, but need not be limited to, all of the following:

916 (1) A sworn biographical statement, on forms adopted by
917 the commission, which must include, but need not be limited to,
918 the following information:

919 (a) Occupations, positions of employment, and offices held
920 during the past 20 years, including the principal business and
921 address of any business, corporation, or organization where each
922 occupation, position of employment, or office occurred.

923 (b) Whether, at any time during such 20-year period, the
924 person was convicted of any crime other than a traffic
925 violation.

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926 (c) Whether, during such 20-year period, the person has
927 been the subject of any proceeding for the revocation of any
928 license and, if so, the nature of the proceeding and the
929 disposition of the proceeding.

930 (d) Whether, during such 20-year period, the person has
931 been the subject of any proceeding under the federal Bankruptcy
932 Act.

933 (e) Whether, during such 20-year period, any person or
934 other business or organization in which the person was a
935 director, officer, trustee, partner, owner, manager, or other
936 official has been the subject of any proceeding under the
937 federal Bankruptcy Act, either during the time of that person's
938 tenure with the business or organization or within 12 months
939 thereafter.

940 (f) Whether, during such 20-year period, the person has
941 been enjoined, either temporarily or permanently, by a court of
942 competent jurisdiction from violating any federal or state law
943 regulating the business of insurance, securities, or banking, or
944 from carrying out any particular practice or practices in the
945 course of the business of insurance, securities, or banking,
946 together with details as to any such event.

947 (g) Whether, during such 20-year period, the person has
948 served as the attorney in fact, a subscribers' advisory
949 committee member, or any other manager or officer of a

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950 reciprocal insurer or insurer that became insolvent or had its
951 certificate of authority suspended or revoked.

952 (2) Fingerprints of each person.

953 (3) An authorization for release of information in regard
954 to the investigation of such person's background.

955 (4) Any additional information that the office deems
956 necessary to determine the character, experience, ability, and
957 other qualifications of the person, or affiliated person of such
958 person, for the protection of the reciprocal insurer's
959 subscribers and of the public.

960 Section 20. Section 629.229, Florida Statutes, is created
961 to read:

962 629.229 Attorneys in fact, officers, and directors of
963 insolvent reciprocal insurers or other insurers.—A person who
964 served as an attorney in fact, or as an officer, director, or
965 manager of an attorney in fact, a member of a subscribers'
966 advisory committee of a reciprocal insurer doing business in
967 this state, or an officer or director of any other insurer doing
968 business in this state, and who served in that capacity within
969 the 2-year period before the date the insurer or reciprocal
970 insurer became insolvent, for an insolvency that occurs on or
971 after July 1, 2024, may not thereafter:

972 (1) Serve as an attorney in fact, or as an officer,
973 director, or manager of an attorney in fact; a member of a
974 subscribers' advisory committee of a reciprocal insurer doing

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975 business in this state; or an officer or director of any other
976 insurer doing business in this state; or
977 (2) Have direct or indirect control over the selection or
978 appointment of an attorney in fact, or of an officer, director,
979 or manager of an attorney in fact; or a member of the
980 subscribers' advisory committee of a reciprocal insurer doing
981 business in this state; or an officer or director of any insurer
982 doing business in this state, through contract or trust or by
983 operation of law,
984
985 unless the person demonstrates that his or her personal actions
986 or omissions were not a significant contributing cause to the
987 insolvency.

988 Section 21. Section 629.261, Florida Statutes, is amended
989 to read:

990 629.261 Nonassessable policies.—Upon the impairment of the
991 surplus of a nonassessable reciprocal insurer, the office shall
992 revoke the authorization issued under s. 629.091(3) or s.
993 629.291(5).

994 ~~(1) If a reciprocal insurer has a surplus as to~~
995 ~~policyholders required of a domestic stock insurer authorized to~~
996 ~~transact like kinds of insurance, upon application of the~~
997 ~~attorney and as approved by the subscribers' advisory committee~~
998 ~~the office shall issue its certificate authorizing the insurer~~
999 ~~to extinguish the contingent liability of subscribers under its~~

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1000 ~~policies then in force in this state and to omit provisions~~
1001 ~~imposing contingent liability in all policies delivered or~~
1002 ~~issued for delivery in this state for so long as all such~~
1003 ~~surplus remains unimpaired.~~

1004 ~~(2) Upon impairment of such surplus, the office shall~~
1005 ~~forthwith revoke the certificate. Such revocation shall not~~
1006 ~~render subject to contingent liability any policy then in force~~
1007 ~~and for the remainder of the period for which the premium has~~
1008 ~~theretofore been paid; but, after such revocation, no policy~~
1009 ~~shall be issued or renewed without providing for contingent~~
1010 ~~assessment liability of the subscriber.~~

1011 ~~(3) The office shall not authorize a domestic reciprocal~~
1012 ~~insurer so to extinguish the contingent liability of any of its~~
1013 ~~subscribers or in any of its policies to be issued, unless it~~
1014 ~~qualifies to and does extinguish such liability of all its~~
1015 ~~subscribers and in all such policies for all kinds of insurance~~
1016 ~~transacted by it; except that, if required by the laws of~~
1017 ~~another state in which the insurer is transacting insurance as~~
1018 ~~an authorized insurer, the insurer may issue policies providing~~
1019 ~~for the contingent liability of such of its subscribers as may~~
1020 ~~acquire such policies in such state, and need not extinguish the~~
1021 ~~contingent liability applicable to policies theretofore in force~~
1022 ~~in such state.~~

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1023 Section 22. Subsections (1), (2), and (4) of section
1024 629.291, Florida Statutes, are amended, and subsection (5) is
1025 added to that section, to read:

1026 629.291 Merger or conversion.—

1027 (1) A ~~domestic~~ reciprocal insurer, upon affirmative vote
1028 of not less than two-thirds of its subscribers who vote on such
1029 merger pursuant to due notice, and subject to the approval by ~~of~~
1030 the office of the terms therefor, may merge with another
1031 reciprocal insurer or be converted to a stock or mutual insurer,
1032 to be thereafter governed by the applicable sections of the
1033 Florida Insurance Code. However, a domestic stock insurer may
1034 not convert to a reciprocal insurer.

1035 (2) A plan to merge a reciprocal insurer with another
1036 reciprocal insurer or for conversion of the reciprocal insurer
1037 to a stock or mutual insurer must be filed with the office on
1038 forms adopted by the office and must contain such information as
1039 the office reasonable requires to evaluate the transaction ~~Such~~
1040 ~~a stock or mutual insurer shall be subject to the same capital~~
1041 ~~or surplus requirements and shall have the same rights as a like~~
1042 ~~domestic insurer transacting like kinds of insurance.~~

1043 (4) Reinsurance of all or substantially all of the
1044 insurance in force of a domestic reciprocal insurer in another
1045 insurer is ~~shall be~~ deemed to be a merger for the purposes of
1046 this section.

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1047 (5) (a) An assessable reciprocal insurer may convert to a
1048 nonassessable reciprocal insurer if:

1049 1. The subscribers' advisory committee approves the
1050 conversion;

1051 2. The attorney in fact submits the application for
1052 conversion on the required application form; and

1053 3. The office finds that the application for conversion
1054 meets the minimum statutory requirements.

1055 (b) If the office approves the application for conversion,
1056 the assessable reciprocal insurer may convert to a nonassessable
1057 reciprocal insurer by:

1058 1. Extinguishing the contingent liability of subscribers
1059 under all policies then in force in this state;

1060 2. Omitting contingent liability provisions in all
1061 policies delivered or issued in this state after the conversion;
1062 and

1063 3. Otherwise extinguishing the contingent liability of all
1064 of its subscribers. However, if the reciprocal insurer is
1065 transacting insurance as an authorized insurer in another state
1066 and that state's laws require the insurer to issue policies with
1067 contingent liability provisions, the insurer may issue
1068 contingent liability policies in that other state.

1069 (c) If the surplus of the reciprocal insurer becomes
1070 impaired, the insurer may no longer issue nonassessable policies

Amendment No. 1

1071 or convert assessable policies to nonassessable policies, and s.
1072 629.301 applies.

1073 Section 23. Section 629.525, Florida Statutes, is created
1074 to read:

1075 629.525 Rulemaking authority.—The commission shall adopt,
1076 amend, or repeal rules pursuant to chapter 120 which are
1077 necessary to implement this chapter.

1078 Section 24. Paragraph (h) of subsection (3) of section
1079 163.01, Florida Statutes, is amended to read:

1080 163.01 Florida Interlocal Cooperation Act of 1969.—

1081 (3) As used in this section:

1082 (h) "Local government liability pool" means a reciprocal
1083 insurer as defined in s. 629.011 ~~s. 629.021~~ or any self-
1084 insurance program created pursuant to s. 768.28(16), formed and
1085 controlled by counties or municipalities of this state to
1086 provide liability insurance coverage for counties,
1087 municipalities, or other public agencies of this state, which
1088 pool may contract with other parties for the purpose of
1089 providing claims administration, processing, accounting, and
1090 other administrative facilities.

1091 Section 25. Subsection (3) of section 626.9531, Florida
1092 Statutes, is amended to read:

1093 626.9531 Identification of insurers, agents, and insurance
1094 contracts.—

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1095 (3) For the purposes of this section, the term "risk
1096 bearing entity" means a reciprocal insurer as defined in s.
1097 629.011 ~~s. 629.021~~, a commercial self-insurance fund as defined
1098 in s. 624.462, a group self-insurance fund as defined in s.
1099 624.4621, a local government self-insurance fund as defined in
1100 s. 624.4622, a self-insured public utility as defined in s.
1101 624.46225, or an independent educational institution self-
1102 insurance fund as defined in s. 624.4623. For the purposes of
1103 this section, the term "risk bearing entity" does not include an
1104 authorized insurer as defined in s. 624.09.

1105 Section 26. This act shall take effect July 1, 2024.

1106 -----
1107
1108 **T I T L E A M E N D M E N T**

1109 Remove everything before the enacting clause and insert:

1110 A bill to be entitled

1111 An act relating to insurance; amending s. 624.3161, F.S.;
1112 revising the entities for which the Office of Insurance
1113 Regulation is required to conduct market conduct examinations;
1114 amending s. 624.424, F.S.; requiring insurers and insurer groups
1115 to file a specified supplemental report on a monthly basis;
1116 requiring that such report include certain information for each
1117 zip code; amending s. 624.4305, F.S.; authorizing the Financial
1118 Services Commission to adopt rules related to notice of
1119 nonrenewal of residential property insurance policies; amending

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1120 s. 624.46226, F.S.; revising the requirements for public housing
1121 authority self-insurance funds; amending s. 626.9201, F.S.;
1122 prohibiting insurers from canceling or nonrenewing certain
1123 insurance policies under certain circumstances; providing
1124 exceptions; providing construction; authorizing the commission
1125 to adopt rules and the Commissioner of Insurance Regulation to
1126 issue orders; amending s. 627.062, F.S.; specifying requirements
1127 for rate filings if certain models are used; amending s.
1128 627.351, F.S.; revising requirements for certain policies that
1129 are not subject to certain rate increase limitations; amending
1130 ss. 628.011 and 628.061, F.S.; conforming provisions to changes
1131 made by the act; amending s. 628.801, F.S.; revising
1132 requirements for rules adopted for insurers that are members of
1133 an insurance holding company; deleting an obsolete date;
1134 authorizing the office to adopt rules; amending s. 629.011,
1135 F.S.; defining terms; repealing s. 629.021, F.S., relating to
1136 the definition of the term "reciprocal insurer"; repealing s.
1137 629.061, F.S., relating to the term "attorney"; amending s.
1138 629.081, F.S.; revising the procedure for persons to organize as
1139 a domestic reciprocal insurer; specifying requirements for the
1140 permit application; requiring that the application be
1141 accompanied by a specified fee; requiring the office to evaluate
1142 and grant or deny the permit application in accordance with
1143 specified provisions; amending s. 629.091, F.S.; providing
1144 requirements for the application for a certificate of authority

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1145 to operate as a domestic reciprocal insurer; requiring the
1146 office to grant the authorization for reciprocal insurers to
1147 issue certain policies under certain circumstances; prohibiting
1148 insurers from issuing and renewing certain policies under a
1149 specified circumstance; requiring that such certificate of
1150 authority be issued in the name of the reciprocal insurer to its
1151 attorney in fact; creating s. 629.094, F.S.; requiring a
1152 domestic reciprocal insurer to meet certain requirements to
1153 maintain its eligibility for a certificate of authority;
1154 amending s. 629.101, F.S.; revising requirements for the power
1155 of attorney given by subscribers of a domestic reciprocal
1156 insurer to the attorney in fact; conforming provisions to
1157 changes made by the act; creating s. 629.225, F.S.; prohibiting
1158 persons from acquiring certain securities or ownership interests
1159 of certain attorneys in fact and controlling companies of
1160 certain attorneys in fact; providing an exception; authorizing
1161 certain persons to request that the office waive certain
1162 requirements; providing that the office may waive certain
1163 requirements if specified determinations are made; specifying
1164 the requirements of an application to the office relating to
1165 certain acquisitions; requiring that such application be
1166 accompanied by a specified fee; requiring that amendments be
1167 filed with the office under certain circumstances; specifying
1168 the manner in which the acquisition application must be
1169 reviewed; authorizing the office, and requiring the office if a

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1170 request for a proceeding is filed, to conduct a proceeding
1171 within a specified timeframe to consider the appropriateness of
1172 such application; requiring that certain time periods be tolled;
1173 requiring that written requests for a proceeding be filed within
1174 a certain timeframe; authorizing certain persons to take all
1175 steps to conclude the acquisition during the pendency of the
1176 proceeding or review period; requiring the office to order a
1177 proposed acquisition disapproved and that actions to conclude
1178 the acquisition be ceased under certain circumstances;
1179 prohibiting certain persons from making certain changes during
1180 the pendency of the office's review of an acquisition; providing
1181 an exception; defining the terms "material change in the
1182 operation of the attorney in fact" and "material change in the
1183 management of the attorney in fact"; requiring the office to
1184 approve or disapprove certain changes upon making certain
1185 findings; requiring that a proceeding be conducted within a
1186 certain timeframe; requiring that recommended orders and final
1187 orders be issued within a certain timeframe; specifying the
1188 circumstances under which the office may disapprove an
1189 acquisition; specifying that certain persons have the burden of
1190 proof; requiring the office to approve an acquisition upon
1191 certain findings; specifying that certain votes are not valid
1192 and that certain acquisitions are void; specifying that certain
1193 provisions may be enforced by an injunction; creating a private
1194 right of action in favor of the attorney in fact or the

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1195 controlling company to enforce certain provisions; providing
1196 that a certain demand upon the office is not required before
1197 certain legal actions; providing that the office is not a
1198 necessary party to certain actions; specifying the persons who
1199 are deemed designated for service of process and who have
1200 submitted to the administrative jurisdiction of the office;
1201 providing that approval by the office does not constitute a
1202 certain recommendation; providing that certain actions are
1203 unlawful; providing criminal penalties; providing a statute of
1204 limitations; authorizing a person to rebut a presumption of
1205 control by filing certain disclaimers; specifying the contents
1206 of such disclaimer; specifying that, after a disclaimer is
1207 filed, the attorney in fact is relieved of a certain duty;
1208 authorizing the office to order certain persons to cease
1209 acquisition of the attorney in fact or controlling company and
1210 divest themselves of any stock or ownership interest under
1211 certain circumstances; requiring the office to suspend or revoke
1212 the reciprocal certificate of authority under certain
1213 circumstances; specifying that the attorney in fact is deemed to
1214 be hazardous to its policyholders if the reciprocal insurer is
1215 subject to suspension or revocation; authorizing the office to
1216 offer the reciprocal insurer the ability to cure any suspension
1217 or revocation under certain circumstances; providing
1218 applicability and nonapplicability; creating s. 629.227, F.S.;
1219 specifying the information as to the background and identity of

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COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 1611 (2024)

Amendment No. 1

1220 certain persons which must be furnished by such persons;
1221 creating s. 629.229, F.S.; prohibiting certain persons from
1222 serving in specified positions of reciprocal insurers or
1223 insurers under certain circumstances; amending s. 629.261, F.S.;
1224 removing provisions relating to certain authorizations for
1225 reciprocal insurers; amending s. 629.291, F.S.; providing that
1226 certain insurers that merge are governed by the insurance code;
1227 prohibiting domestic stock insurers from converting to
1228 reciprocal insurers; requiring that specified plans be filed
1229 with the office and that such plans contain certain information;
1230 authorizing the conversion of assessable reciprocal insurers to
1231 nonassessable reciprocal insurers under certain circumstances;
1232 providing certain procedures when certain reciprocal insurers
1233 convert; prohibiting a reciprocal insurer that becomes impaired
1234 from issuing or converting certain policies; providing
1235 applicability; creating s. 629.525, F.S.; requiring the
1236 commission to adopt, amend, or repeal certain rules; amending
1237 ss. 163.01 and 626.9531, F.S.; conforming provisions to changes
1238 made by the act; providing an effective date.

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