

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 Rules

BILL: SB 394

INTRODUCER: Senator Leek

SUBJECT: Reinsurance Intermediary Managers

DATE: February 16, 2026

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Thomas</u>	<u>Knudson</u>	<u>BI</u>	Favorable
2.	<u>Sanders</u>	<u>Betta</u>	<u>AEG</u>	Favorable
3.	<u>Thomas</u>	<u>Kruse</u>	<u>RC</u>	Favorable

I. Summary:

SB 394 exempts 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, from reinsurance intermediary manager licensing requirements.

The bill does not impact state expenditures or revenues. See Section V., Fiscal Impact Statement.

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.¹ Reinsurance is a major driver in the cost of insurance. As much as 40 percent of the premium a consumer pays goes to purchase reinsurance.² 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.³

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

¹ Florida Office of Insurance Regulation, *Florida Property Insurance Market, Stats, Data and Facts*, <https://floir.com/property-casualty/market-overview> (last visited Jan. 20, 2026).

² *Id.*

³ Section 624.610, F.S.

managing large volumes of similar policies. Facultative reinsurance is a one-time deal for 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.⁴ Within these, proportional reinsurance shares both premiums and claims in a set ratio, and non-proportional reinsurance covers losses exceeding a specific, predetermined amount.⁵

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.⁶ 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.⁷

A reinsurer must pay the actual costs and expenses incurred by the OIR to review a reinsurer's request for accreditation and subsequent reviews.⁸ 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.⁹

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.

⁴ Investopedia, *Facultative vs. Treaty Reinsurance: Key Differences Explained* (Nov. 6, 2025), <https://www.investopedia.com/articles/markets/081716/facultative-vs-treaty-reinsurance-differences-and-examples.asp> (last visited Jan. 20, 2026).

⁵ *Id.*

⁶ Section 624.610(4), F.S.

⁷ *Id.*

⁸ Section 624.610(3)(b)4., F.S.

⁹ *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.”¹⁰

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.”¹¹ 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.¹²

The Division of Insurance Agent and Agency Services (Division) 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.¹³ Prior to July 1, 2023, the DFS provided a separate license for reinsurance intermediary brokers and managers, but it was discontinued.¹⁴ 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.¹⁵

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

¹⁰ Section 626.7492(1)(f), F.S.

¹¹ Section 626.7492(1)(g), F.S.

¹² *Id.*

¹³ Sections 624.307, 624.317, and 624.321, F.S.

¹⁴ Florida Department of Financial Services, Reinsurance Intermediary Brokers and Managers Appointment- Firms, 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 Jan. 20, 2026).

¹⁵ *Id.*

appointed as a reinsurance intermediary.¹⁶ A reinsurance intermediary manager must be a licensed producer in Florida or another state having a law substantially similar to Florida's law.¹⁷

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.¹⁸ 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.¹⁹ A reinsurance intermediary manager may be examined as if it were the reinsurer.²⁰ An attorney licensed in Florida, when acting in a professional capacity, is exempt from the licensure requirements.²¹

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.²²

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.

¹⁶ Section 626.7492(3)(a), F.S.

¹⁷ Section 626.7492(3)(b), F.S.

¹⁸ Section 626.7492(3)(c), F.S.

¹⁹ Section 626.7492(10)(a), F.S.

²⁰ Section 626.7492(10)(b), F.S.

²¹ Section 626.7492(3)(h), F.S.

²² Section 626.7492(6), F.S.

- 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 three months' estimated claims payments and allocated loss adjustment expenses. The reinsurance 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 six 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 one year after the end of each underwriting period for property business and five 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.²³

III. Effect of Proposed Changes:

Section 1 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.

The bill also amends the definition of “controlling person” to “controlling” as the existing definition encompasses all persons as well as firms, associations or corporations.

Section 2 reenacts s. 626.022, F.S., relating to the scope of part I of ch. 626, F.S., for the purpose of incorporating the changes made to s. 626.7492, F.S., by the bill.

²³ Section 626.7492(7), F.S.

Section 3 provides an effective date of 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:

Prior to July 1, 2023, the DFS provided a separate license for reinsurance intermediary brokers and managers, but it was discontinued.²⁴ The bill will allow certain firms to continue to operate as a reinsurance intermediary manager.

C. Government Sector Impact:

The bill does not impact state expenditures or revenues.

VI. Technical Deficiencies:

None.

²⁴ Florida Department of Financial Services, Reinsurance Intermediary Brokers and Managers Appointment- Firms, 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 Jan. 20, 2026).

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.

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