

Insurance & Banking Subcommittee

Thursday, April 3, 2025
8:00 AM - 11:30 AM
Morris Hall (17 HOB)

Meeting Packet

Daniel Perez
Speaker

Bradford Yeager
Chair

The Florida House of Representatives

Commerce Committee

Insurance & Banking Subcommittee

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Meeting Agenda

Thursday, April 3, 2025
8:00 am – 11:30 am
Morris Hall (17 HOB)

I. Call to Order

II. Roll Call

III. Welcome and Opening Remarks

IV. Consideration of the following bill(s):

- HB 929 Firefighter Health and Safety by Booth, Alvarez, D.
- HB 1181 Motor Vehicle Insurance by Alvarez, D., Weinberger
- HB 1431 Pub. Rec./Uniform Mitigation Verification Inspection Forms by Chaney

Consideration of the following bill(s) with proposed committee substitute(s):

- PCS for HB 881 -- Insurance
- PCS for HB 1429 -- Insurance Regulations

Insurer Affiliate Study - Testimony and Discussion
Jan M. Moenck, Risk & Regulatory Consulting

V. Closing Remarks

VI. Adjournment

HB 929

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 929	**COMPANION BILL:** CS/SB 1212 (DiCeglie)
TITLE: Firefighter Health and Safety	**LINKED BILLS:** None
SPONSOR(S): Booth, Alvarez, D.	**RELATED BILLS:** None

Committee References

Intergovernmental Affairs (17 Y, 0 N) ➤ Insurance & Banking ➤ State Administration Budget ➤ State Affairs

SUMMARY

Effect of the Bill:

The bill revises the Florida Firefighters Occupational Safety and Health Act to add occupational illness and suicide to the health and safety risks the Division of State Fire Marshal must monitor and develop rules, policies, and procedures to address. The bill also requires the division to adopt rules related to establishing mental health best practices, issuing gear that does not contain hazardous or toxic substances, notifying firefighters if gear does contain hazardous or toxic substances, and encouraging firefighter employers to limit normally scheduled shifts to 42 hours per week.

Fiscal or Economic Impact:

The bill may have an indeterminate negative effect on state and local governments and private firefighter employers not declared exempt by s. 633.528(2), F.S. to the extent those governments would need to purchase and issue gear that does not contain hazardous or toxic materials.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill amends the Florida Firefighters Occupational Safety and Health Act to include occupational illness and suicide in the health and safety risks the Division of State Fire Marshal (Division) is required monitor and develop rules, policies, and procedures to address. Specifically, the Division must develop a means to identify firefighter employers with high frequencies of these conditions in addition to those identified in current law, conduct inspections to ensure employers are complying with Division rules, and adds these conditions to the list of items for which the Division can assess penalties. (Sections 1, 4, and 5)

The bill requires the Division to adopt rules that:

- Require firefighter employers to issue firefighting gear that does not contain hazardous or toxic chemicals once such gear becomes readily available commercially;
- Require firefighter employers that issue gear containing hazardous or toxic substances to provide notice to their firefighter employees of this information; and
- Encourage firefighter employers to implement work schedules for firefighters that limit normally scheduled shifts to 42 hours per week. (Section 2)

The bill adds illnesses and fatalities to the risks the Department of Financial Services must investigate and prescribe by rule safeguards and protections to address. (Section 2)

The bill further requires that the Division adopt rules to establish mental health best practices for firefighter employers. (Section 3)

The bill provides an effective date of July 1, 2025. (Section 6)

RULEMAKING:

The bill requires the Division of State Fire Marshal to adopt rules related to the gear issued by firefighter employers, notification of hazardous or toxic chemicals in gear, and to encourage firefighter employers to limit normally scheduled firefighter shifts to 42 hours per week. The bill further requires that the Division adopt rules to establish mental health best practices for firefighter employers. The bill would also require the Division to revise its rules pursuant to ch. 633, F.S. to address the addition of occupational illness and suicide to the health and safety risks the Division investigates and prescribes protective measures for by rule.

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

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill may have an indeterminate negative effect on state government due to the provision that firefighter employers issue gear that does not contain hazardous or toxic materials once such gear becomes readily available commercially.

LOCAL GOVERNMENT:

The bill may have an indeterminate negative effect on local governments due to the provision that firefighter employers issue gear that does not contain hazardous or toxic materials once such gear becomes readily available commercially.

PRIVATE SECTOR:

The bill may have an indeterminate negative effect on private firefighter employers that are not declared exempt by s. 633.528(2), F.S., due to the provision that firefighter employers issue gear that does not contain hazardous or toxic materials once such gear becomes readily available commercially.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Division of State Fire Marshall

State law on fire prevention and control is provided in ch. 633, F.S. The Chief Financial Officer of the state serves as the State Fire Marshal, operating through the Division of the State Fire Marshal (Division).[1] Pursuant to this authority, the State Fire Marshal:

- Regulates, educates or trains, and certifies fire service personnel;[2]
- Investigates the causes of fires;[3]
- Enforces arson laws;[4]
- Regulates the installation and maintenance of fire equipment;[5]
- Conducts fire safety inspections of state buildings;[6]
- Develops fire safety standards;[7]
- Provides facilities for the analysis of fire debris;[8] and

[1] S. 633.104(1), F.S. The Division of the State Fire Marshal is located within the DFS. See s. 20.121, F.S.
[2] S. 633.128(1), F.S. Also see Ch. 633, Part IV: Fire Standards and Training, F.S.
[3] Ss. 633.104(2)(e), and 633.112, F.S.
[4] S. 633.104(2)(e), F.S.
[5] S. 633.104(2)(b), F.S. Also see s. 633.104(2)(c), F.S., and Ch. 633, Part III: Fire Protection and Suppression, F.S.
[6] S. 633.218, F.S.
[7] Ch. 633, Part II: Fire Safety and Prevention, F.S.
[8] S. 633.432, F.S.

- Operates the Florida State Fire College.[9]

Additionally, the State Fire Marshal adopts by rule the Florida Fire Prevention Code, which contains or references all fire safety laws and rules regarding public and private buildings.[10]

The Division consists of the two bureaus: the Bureau of Fire Standards and Training (BFST), and the Bureau of Fire Prevention.[11] The BFST approves Florida's firefighter training curricula and certifies Florida fire service training agencies, instructors, and members.[12] The Inspections Section, under the Bureau of Fire Prevention, annually inspects more than 14,000 state-owned buildings and facilities.[13]

Florida Firefighters Occupational Safety and Health Act

The Florida Firefighters Occupational Safety and Health Act[14] (FFOSHA) establishes policies, procedures, practices, rules, and standards that reduce the incidence of firefighter employee accidents, firefighter employee occupational diseases, and firefighter employee fatalities.[15] FFOSHA requires the Department of Financial Services to investigate and prescribe by rule what safety devices, safeguards, or other protections must be adopted to prevent accidents and injury at firefighters' places of employment.[16] FFOSHA further requires that the Division assist in making firefighters' places of employment[17] safer and decreasing the frequency and severity of on-the-job injuries[18] and authorizes the Division to adopt rules to ensure safe working conditions.[19] FFOSHA also provides for penalties for any firefighter employers[20] that violate or fail to comply with the regulations of the act or with any rule adopted by the Division for the prevention of injuries, accidents, or occupational diseases.[21]

Under FFOSHA, the Division must develop a means to identify firefighter employers with a high frequency of firefighter work-related injuries and conduct safety inspections of those employers to ensure compliance with the Division's rules and make recommendations for health and safety practices to reduce the number of work-related injuries.[22] Copies of any reports that result from a safety inspection must be provided to the firefighter employer and its insurer.[23] Firefighter employers are required to submit a corrective action plan to address any issues contained in the report. The Division must review the plan and decide on its approval within 60 days. If the Division does not make a decision within 60 days, the plan is deemed approved. If the firefighter employer fails to complete or implement a corrective action plan, the Division may assess penalties and the firefighter employer's insurance may cancel its contract for insurance.[24]

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[9] S. 633.128(1)(h)–(q), F.S. Also see ss. 633.428–633.434, F.S.
[10] S. 633.202(1), F.S.
[11] My Florida CFO, *State Fire Marshal* (last visited on Mar. 6, 2025).
[12] My Florida CFO, *Bureau of Fire Standards and Training* (last visited Mar. 6, 2025).
[13] My Florida CFO, *Bureau of Fire Prevention* (last visited Mar. 6, 2025).
[14] S. 633.502, F.S., provides that ss. 633.502 through 633.536, F.S. constitute the Florida Firefighters Occupational Safety and Health Act.
[15] S. 633.506, F.S. In addition to FFOSHA, s. 633.408(1)(d), F.S. requires that the Division establish courses to provide training for career and volunteer firefighters related to cancer and mental health risks within the fire service. This training is required in order to obtain a Firefighter Certificate of Compliance, Volunteer Firefighter Certificate of Completion, or Special Certificate of Compliance.
[16] S. 633.508(7)(a), F.S.
[17] S. 633.504(4), F.S., defines a firefighter's place of employment as the physical location at which the firefighter employee is employed or deployed.
[18] S. 633.508(1), F.S.
[19] S. 633.508(2), F.S.
[20] S. 633.504(2), F.S., defines a firefighter employer as the state and all political subdivisions of this state, all public and quasi-public corporations in this state, and a person carrying on any employment for this state, political subdivisions of this state, and public and quasi-public corporations in this state which employs firefighter employees, except those appointed under s. 590.02(1)(d)., F.S.
[21] S. 633.526, F.S.
[22] S. 633.522(1), F.S.
[23] *Id.*
[24] Ss. 633.522(1), (6) and 633.526, F.S.

FFOSHA requires that firefighter employers with more than 20 firefighter employees establish a workplace safety committee.[25] Firefighter employers with fewer than 20 firefighter employees that the Division identifies as having a high frequency or high severity of work-related injuries must also establish a workplace safety committee or designate a workplace safety coordinator.[26] FFOSHA requires that the Division adopt rules related to the membership, duties, and recordkeeping of workplace safety committees.[27] The duties of the workplace safety committee or workplace safety coordinator must include, but are not limited to:

- Establishing workplace safety inspection procedures;
- Establishing procedures to investigate all workplace accidents, safety incidents, illnesses, and deaths;
- Evaluating accident prevention programs; and
- Prescribing training guidelines for committee members.[28]

The Division is further required to adopt rules establishing best practices for firefighter employers related to cancer prevention.[29]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Intergovernmental Affairs Subcommittee	17 Y, 0 N	3/19/2025	Darden	Jones
Insurance & Banking Subcommittee			Hamon	Schenk
State Administration Budget Subcommittee				
State Affairs Committee				

[25] S. 633.522(2)(a), F.S.
[26] S. 633.522(2)(b), F.S.
[27] S. 633.522(3), F.S.
[28] S. 633.522(3)(c), F.S.
[29] S. 633.520(2), F.S.

A bill to be entitled

An act relating to firefighter health and safety; amending s. 633.506, F.S.; revising legislative intent; amending s. 633.508, F.S.; requiring the Division of State Fire Marshal within the Department of Financial Services to adopt certain rules; requiring the division to assist in decreasing the frequency and severity of occupational illnesses and fatalities; amending s. 633.520, F.S.; requiring the division to adopt rules relating to mental health best practices; amending ss. 633.522 and 633.526, F.S.; conforming provisions to changes made by the act; providing an effective date.

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

Section 1. Section 633.506, Florida Statutes, is amended to read:

633.506 Legislative intent.—It is the intent of the Legislature to enhance firefighter occupational safety and health in this ~~the~~ state through the implementation and maintenance of policies, procedures, practices, rules, work schedules, and standards that reduce the incidence of firefighter employee accidents, firefighter employee occupational diseases, and firefighter employee fatalities

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

compensable under chapter 112, chapter 440, or otherwise. The Legislature further intends that the division develop a means by which the division can identify individual firefighter employers with a high frequency or severity of work-related injuries, occupational illnesses, or suicide; conduct safety inspections of those firefighter employers;~~,~~ and assist those firefighter employers in the development and implementation of firefighter employee safety and health programs. In addition, it is the intent of the Legislature that the division administer and enforce this part; provide assistance to firefighter employers, firefighter employees, and insurers; and enforce the policies, rules, and standards set forth in this part.

Section 2. Subsection (7) of section 633.508, Florida Statutes, is renumbered as subsection (8), subsection (1) and paragraph (a) of present subsection (7) are amended, and a new subsection (7) is added to that section, to read:

633.508 Workplace safety; rulemaking authority; division authority.—

(1) The division shall assist in making the firefighter employee place of employment a safer place to work and decreasing the frequency and severity of on-the-job injuries, occupational illnesses, and fatalities in such workplace.

(7) The division shall adopt rules relating to all of the following:

(a) Requiring firefighter employers to issue firefighting

gear that does not contain chemical hazards or toxic substances when such gear becomes readily available on the commercial market.

(b) Requiring firefighter employers that issue firefighting gear that contains or is manufactured with chemical hazards or toxic substances to provide their firefighter employees notice that the firefighting gear issued contains or is manufactured with chemical hazards or toxic substances.

(c) Encouraging firefighter employers to implement work schedules that do not require a firefighter employee's normally scheduled shifts to exceed 42 hours per workweek.

(8) ~~(7)~~ The department shall:

(a) Investigate and prescribe by rule what safety devices, safeguards, or other means of protection must be adopted for the prevention of accidents, illnesses, fatalities, and injuries in every firefighter employee place of employment or at any fire scene; determine what suitable devices, safeguards, or other means of protection for the prevention of occupational diseases must be adopted or followed in any or all such firefighter places of employment or at any emergency fire scene; and adopt reasonable rules for the prevention of accidents, the safety, protection, and security of firefighter employees engaged in interior firefighting, and the prevention of occupational diseases and fatalities.

Section 3. Subsection (2) of section 633.520, Florida

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

Statutes, is amended to read:

633.520 Safety; firefighter employer responsibilities.—

(2) The division shall adopt rules to establish:

(a) Employers' cancer prevention best practices related to personal protective equipment, decontamination, fire suppression equipment, and fire stations.

(b) Employers' mental health best practices related to resiliency, stress management, peer support, and access to mental healthcare.

Section 4. Subsection (1), paragraph (b) of subsection (2), and paragraph (c) of subsection (3) of section 633.522, Florida Statutes, are amended to read:

633.522 Firefighter employers; high frequency of work-related injuries; corrective plans; workplace safety committees and coordinators; failure to implement a safety and health program; cancellation.—

(1) The division shall develop a means to identify individual firefighter employers with a high frequency of firefighter employee work-related injuries, occupational illnesses, and suicide. The division shall conduct safety inspections of those firefighter employers so identified to ensure compliance with this part or the division's rules and make recommendations based upon current safety and health practices and to assist such firefighter employers in reducing the number of work-related injuries, occupational illnesses, and

suicide. The division may not assess penalties as a result of such inspections. Copies of any report made as the result of such an inspection shall be provided to the firefighter employer and its insurer. Firefighter employers shall submit a plan for the correction of any noncompliance issues to the division for approval in accordance with division rule. The division shall promptly review the plan submitted and approve or disapprove the plan within 60 days, or such plan shall be deemed approved. Upon approval by the division, the plan shall be implemented by the firefighter employer. If the plan is not submitted, does not provide corrective actions for all deficiencies, is not complete, or is not implemented, the fire service provider shall be subject to s. 633.526.

(2) In order to promote health and safety in firefighter employee places of employment in this state:

(b) Each firefighter employer of fewer than 20 firefighter employees with a high frequency or high severity of work-related injuries, occupational illnesses, or suicide, as identified by the division, shall establish and administer a workplace safety committee or designate a workplace safety coordinator who shall establish and administer workplace safety activities in accordance with rules adopted under this section.

(3) The division shall adopt rules:

(c) Prescribing the duties and functions of the workplace safety committee and workplace safety coordinator which include,

but are not limited to:

1. Establishing procedures for workplace safety inspections by the committee.

2. Establishing procedures for investigating all workplace accidents, safety-related incidents, illnesses, and deaths.

3. Evaluating accident prevention, ~~and~~ illness prevention, and suicide prevention programs.

4. Prescribing guidelines for the training of safety committee members.

Section 5. Section 633.526, Florida Statutes, is amended to read:

633.526 Firefighter employer penalties.—If any firefighter employer violates or fails or refuses to comply with this part, or with any rule adopted by the division under such sections in accordance with chapter 120 for the prevention of injuries, accidents, or occupational diseases or with any lawful order of the division in connection with this part, or fails or refuses to furnish or adopt any safety device, safeguard, or other means of protection prescribed by division rule under this part for the prevention of accidents, injuries, suicide, ~~or~~ occupational diseases, or occupational illnesses, the division may:

(1) Issue an administrative cease and desist order, enforceable in the circuit court in the jurisdiction where the violation is occurring or has occurred.

(2) Assess an administrative fine against a firefighter

employer of not less than $100 or more than $1,000 for each violation and each day a violation is committed.

(3) Assess against the firefighter employer a civil penalty of not less than $100 nor more than $5,000 for each day the violation, omission, failure, or refusal continues after the firefighter employer has been given written notice of such violation, omission, failure, or refusal. The total penalty for each violation shall not exceed $50,000. The division shall adopt rules requiring penalties commensurate with the frequency or severity of safety violations. Hearings requested under this section shall be conducted in Tallahassee. All penalties assessed and collected under this section shall be deposited in the Insurance Regulatory Trust Fund.

Section 6. This act shall take effect July 1, 2025.

INSURANCE & BANKING SUBCOMMITTEE

HB 929 by Rep. Booth
Firefighter Health and Safety

AMENDMENT SUMMARY
April 3, 2025

Amendment 1 by Rep. Booth (line 27):

- Removes references to “occupational illnesses” or replaces such references with the term “occupational disease.”
- Modifies a rulemaking requirement to:
    - Provide that the State Fire Marshal must adopt rules requiring firefighter employers to “purchase” rather than “issue” certain firefighting gear when it is readily available.
    - Define “readily available” to mean available from more than one manufacturer.
    - Provide that these rules may recommend a phased approach for gear replacement.
- Provides that rules establishing employers’ cancer prevention best practices must also relate to chemical hazards or toxic substance education regarding personal protective gear.
- Replaces references to “suicide” with references to “fatalities” in various provisions.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	__	(Y/N)
ADOPTED AS AMENDED	__	(Y/N)
ADOPTED W/O OBJECTION	__	(Y/N)
FAILED TO ADOPT	__	(Y/N)
WITHDRAWN	__	(Y/N)
OTHER	_____	

Committee/Subcommittee hearing bill: Insurance & Banking Subcommittee

Representative Booth offered the following:

Amendment (with title amendment)

Remove lines 30-146 and insert:

occupational disease, or suicide; conduct safety inspections of those firefighter employers;~~,~~ and assist those firefighter employers in the development and implementation of firefighter employee safety and health programs. In addition, it is the intent of the Legislature that the division administer and enforce this part; provide assistance to firefighter employers, firefighter employees, and insurers; and enforce the policies, rules, and standards set forth in this part.

Section 2. Subsection (7) of section 633.508, Florida Statutes, is renumbered as subsection (8), subsection (1) and

paragraph (a) of present subsection (7) are amended, and a new subsection (7) is added to that section, to read:

633.508 Workplace safety; rulemaking authority; division authority.—

(1) The division shall assist in making the firefighter employee place of employment a safer place to work and decreasing the frequency and severity of on-the-job injuries and the frequency of fatalities in such workplace.

(7) The division shall adopt rules relating to all of the following:

(a) Requiring firefighter employers to purchase firefighting gear that does not contain chemical hazards or toxic substances when such gear becomes readily available on the commercial market. For purposes of this paragraph, "readily available" means available from more than one manufacturer. Rules adopted under this paragraph may recommend a phased approach for gear replacement.

(b) Requiring firefighter employers that issue firefighting gear that contains or is manufactured with chemical hazards or toxic substances to provide their firefighter employees notice that the firefighting gear issued may contain or is manufactured with chemical hazards or toxic substances.

(c) Encouraging firefighter employers to implement work schedules that do not require a firefighter employee's normally scheduled shifts to exceed 42 hours per workweek.

(8)~~(7)~~ The department shall:

(a) Investigate and prescribe by rule what safety devices, safeguards, or other means of protection must be adopted for the prevention of accidents and injuries in every firefighter employee place of employment or at any fire scene; determine what suitable devices, safeguards, or other means of protection for the prevention of occupational diseases must be adopted or followed in any or all such firefighter places of employment or at any emergency fire scene; and adopt reasonable rules for the prevention of accidents, the safety, protection, and security of firefighter employees engaged in interior firefighting, and the prevention of occupational diseases and fatalities.

Section 3. Subsection (2) of section 633.520, Florida Statutes, is amended to read:

633.520 Safety; firefighter employer responsibilities.—

(2) The division shall adopt rules to establish:

(a) Employers' cancer prevention best practices related to personal protective equipment, chemical hazards or toxic substance education regarding personal protective gear, decontamination, fire suppression equipment, and fire stations.

(b) Employers' mental health best practices related to resiliency, stress management, peer support, and access to mental healthcare.

Section 4. Subsection (1), paragraph (b) of subsection (2), and paragraph (c) of subsection (3) of section 633.522, Florida Statutes, are amended to read:

633.522 Firefighter employers; high frequency of work-related injuries; corrective plans; workplace safety committees and coordinators; failure to implement a safety and health program; cancellation.—

(1) The division shall develop a means to identify individual firefighter employers with a high frequency of firefighter employee work-related injuries and suicide. The division shall conduct safety inspections of those firefighter employers so identified to ensure compliance with this part or the division's rules and make recommendations based upon current safety and health practices and to assist such firefighter employers in reducing the number of work-related injuries and suicide. The division may not assess penalties as a result of such inspections. Copies of any report made as the result of such an inspection shall be provided to the firefighter employer and its insurer. Firefighter employers shall submit a plan for the correction of any noncompliance issues to the division for approval in accordance with division rule. The division shall promptly review the plan submitted and approve or disapprove the plan within 60 days, or such plan shall be deemed approved. Upon approval by the division, the plan shall be implemented by the firefighter employer. If the plan is not submitted, does not

provide corrective actions for all deficiencies, is not complete, or is not implemented, the fire service provider shall be subject to s. 633.526.

(2) In order to promote health and safety in firefighter employee places of employment in this state:

(b) Each firefighter employer of fewer than 20 firefighter employees with a high frequency or high severity of work-related injuries or a high frequency of work-related fatalities, as identified by the division, shall establish and administer a workplace safety committee or designate a workplace safety coordinator who shall establish and administer workplace safety activities in accordance with rules adopted under this section.

(3) The division shall adopt rules:

(c) Prescribing the duties and functions of the workplace safety committee and workplace safety coordinator which include, but are not limited to:

1. Establishing procedures for workplace safety inspections by the committee.

2. Establishing procedures for investigating all workplace accidents, safety-related incidents, illnesses, and deaths.

3. Evaluating accident prevention, ~~and~~ illness prevention, and suicide prevention programs.

4. Prescribing guidelines for the training of safety committee members.

Section 5. Section 633.526, Florida Statutes, is amended to read:

633.526 Firefighter employer penalties.—If any firefighter employer violates or fails or refuses to comply with this part, or with any rule adopted by the division under such sections in accordance with chapter 120 for the prevention of injuries, accidents, or occupational diseases or with any lawful order of the division in connection with this part, or fails or refuses to furnish or adopt any safety device, safeguard, or other means of protection prescribed by division rule under this part for the prevention of accidents, injuries, fatalities, or occupational diseases, the division may:

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

Remove line 8 and insert:
frequency of

HB 1181

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 1181	**COMPANION BILL:** SB 1256 (Grall)
TITLE: Motor Vehicle Insurance	**LINKED BILLS:** None
SPONSOR(S): Alvarez, D., Weinberger	**RELATED BILLS:** None

Committee References

Civil Justice & Claims	➤	Insurance & Banking	➤	Judiciary
13 Y, 2 N				

SUMMARY

Effect of the Bill:

HB 1181 repeals the personal injury protection ("PIP") coverage requirement under Florida's Motor Vehicle No-Fault Law and increases the minimum bodily injury liability coverage limits from $10,000 per person and $20,000 per incident to $25,000 per person and $50,000 per incident; however, the minimum property damage liability coverage limit remains unchanged at $10,000. The bill also increases the minimum security amounts for persons choosing self-insurance to meet the financial responsibility requirements.

Fiscal or Economic Impact:

The bill may have a fiscal impact on the state court system and the Office of Insurance Regulation ("OIR"); however, the bill makes an appropriation of $83,651 in non-recurring funds from the Insurance Regulatory Trust Fund to OIR to address changes made by the bill. The bill may also have an indeterminate economic impact on the private sector. Whether such impact is positive or negative depends on whether the changes made by the bill increase or decrease motor vehicle insurance premiums, and whether or not the elimination of PIP coverage results in the timely and sufficient reimbursement of the medical expenses incurred by persons injured in automobile accidents.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Personal Injury Protection Coverage Repeal

The bill repeals Florida's Motor Vehicle No-Fault Law, effectively eliminating the personal injury protection ("PIP") coverage requirement in Florida. Under the bill, such coverage would not even be optional in the state, as insurers would be prohibited from offering the product as part of any motor vehicle insurance policy. (Sections 1, 2, and 46).

Further, by repealing PIP, the bill eliminates PIP's tort liability limitation. Thus, under the bill, if a driver were to cause a motor vehicle accident, he or she would be fully liable for any damages resulting therefrom; to put it another way, a person injured in a motor vehicle accident caused by another would no longer be required to seek recovery from his or her own insurer and could instead sue the at-fault driver for any damages he or she sustained, regardless of the seriousness of the injury he or she suffered. Consistent with this change, the bill removes the conditional exclusion of non-economic damages for pain, suffering, mental anguish, and inconvenience and allows punitive damages awards; beginning July 1, 2026; the bill also makes uninsured motorist coverage insurers liable for non-economic damages, including pain and suffering, disability or physical impairment, disfigurement, mental anguish, inconvenience, and the loss of capacity for the enjoyment of life experienced in the past and to be experienced in the future. (Section 44) However, the bill leaves in place the ability of a Florida driver to purchase optional medical payments coverage, which could take the place of PIP in the event the insured is unable to recover under another driver's liability policy. (Section 47)

Financial Responsibility Requirements

In conjunction with the bill's repeal of the PIP coverage requirement, the bill modifies the coverage requirements under the Financial Responsibility Law for persons owning or registering motor vehicles in Florida. Specifically, the bill provides that, beginning July 1, 2026, proof of compliance with the Financial Responsibility Law as to bodily injury ("BI") liability coverage is required at the time of motor vehicle registration,[1] instead of post-registration or at the time of an accident as is currently required.[2] (Sections 6, 12, and 15) The bill also increases the minimum BI liability coverage limits from $10,000 per person and $20,000 per incident to $25,000 per person and $50,000 per incident, but the minimum property damage ("PD") liability coverage limit remains unchanged at $10,000.[3] This results in required 25/50/10 coverage in most instances. (Section 14)

Additionally, the bill increases the minimum security amounts for self-insurance in order to satisfy the financial responsibility requirements. Specifically, the bill increases certificate of security deposit requirements for individuals and businesses[4] from $30,000 per vehicle (up to a maximum of $120,000) to $60,000 per vehicle (up to a maximum of $240,000). (Sections 18 and 24) Additionally, self-insured persons and businesses must maintain a motor vehicle liability policy in excess of the certificate of security deposit providing bodily injury coverage of $125,000 per person, $250,000, per accident, and $50,000 for property damage, or $300,000 combined property damage and bodily injury coverage. (Section 18) The bill then increases certificate of self-insurance minimum unencumbered net worth requirements from:

- $40,000 to $100,000 for individuals; and
- $40,000 for the first vehicle and $20,000 for each additional vehicle to $100,000 and $50,000, respectively, for businesses.[5] (Section 25)

Further, the bill:

- Increases minimum security limits for garage liability insurance from a $25,000 combined single limit for BI and PD to a $60,000 combined limit. (Section 8 and 9)
- Leaves for-hire passenger transportation vehicles at the current 125/250/50 coverage minimums. (Section 19)
- Requires shared vehicle owners and shared vehicles drivers participating in a peer-to-peer car sharing program to have insurance policies that meet or exceed the required 25/50/10 coverage. (Section 52)
- As to commercial vehicles:
    - Increases minimum combined BI/PD coverage limits for commercial vehicles between 26,000 pounds and 35,000 pounds from $50,000 per occurrence to $60,000 per occurrence;
    - Increases minimum combined BI/PD coverage limits for commercial vehicles 35,000 pounds or more but less than 44,000 pounds from $100,000 per occurrence to $120,000 per occurrence; and
    - Leaves minimum combined BI/PD coverage limits for commercial vehicles 44,000 pounds or more at $300,000 per occurrence. (Section 49)
- Leaves the required primary liability coverage minimum for autonomous vehicles at $1,000,000 for death, bodily injury, and property damage. (Section 53)
- Leaves minimum coverage limits for non-public-sector buses at the current 100/300/50 or combined 300 amounts. (Section 13)

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[1] Proof of compliance with the Financial Responsibility Law at the time of registration does not change for motorcycles. However, within 30 days after receipt of a specified notice of accident involving a motorcycle within this state, under the bill, the DHSMV must suspend the motorcycle operator's license and all registrations of the motorcycle's owner unless such operator or owner is found to be exempt from such requirement or otherwise had in effect at the time of the crash a motor vehicle liability policy with respect to all of the registered motorcycles owned by such operator or owner. For the purposes of the suspension provision, the term "motor vehicle" includes motorcycles. (Section 20)

[2] The bill also provides that a driver license or motor vehicle registration suspension for failure to maintain security under the Financial Responsibility Law in effect before July 1, 2026, remains in full force and effect after July 1, 2026. Under the bill, a driver may reinstate such a suspended driver license or registration after July 1, 2026, by showing proof of compliance with the amended Financial Responsibility Law and paying a fee. (Sections 16 and 21)

[3] The bill also increases the combined coverage limit minimum of $30,000 for property damage and bodily injury liability coverage to $60,000. (Section 8)

[4] The bill requires that proof of the certificate of deposit maintained in a financial institution insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration be submitted annually to the DHSMV. (Section 24)

[5] In the alternative, businesses may still qualify for self-insurance by maintaining a sufficient net worth in an amount determined annually by the DHSMV. (Section 25)

- Leaves minimum transportation network company coverage limits at 50/100/25 when logged on to the network but not engaged with a rider and $1 million when engaged in a prearranged ride. (Section 51)

Coverage Transition

The bill provides for the transition of motor vehicle insurance policies from PIP coverage to BI/PD coverage if the policies were issued before July 1, 2026, but still in force on that date and prohibits policies issued on or after July 1, 2026, from including PIP coverage. Under the bill, policies that were issued in compliance with the law in place at the time of issuance are deemed to meet the new requirements until renewed, non-renewed, or canceled. Insurers must also allow policyholders with PIP coverage to obtain BI coverage that complies with the changes made by the bill without charge other than any payments for increased premium due, and refunds for decreased premiums are also required. (Section 46)

Notice Requirements

The bill requires insurers to give notice, by April 1, 2026, informing motor vehicle insurance policyholders that, effective July 1, 2026:

- PIP is repealed.
- The insured is no longer required to carry PIP coverage.
- PIP is no longer available for purchase.
- New or renewal coverage will not include PIP.
- New BI requirements begin, with minimum coverage limits of 25/50/10.
- An insured may obtain uninsured/underinsured motorist coverage to protect themselves from damages caused by an uninsured/underinsured driver.
- Policies that comply with the requirements of law at the time of issue are deemed to meet the new requirements, until the policy is renewed, non-renewed, or canceled.
- Insureds may change their policies to comply with the new requirements.
- Insureds may contact the person specified in the notice at the telephone number provided with any questions.

The notice is subject to OIR's approval. (Section 46)

Rate Filings

The bill provides that insurer rate filings for motor vehicle liability submitted to OIR on or after July 1, 2026, must be based on the new BI/PD coverage requirements and may only be approved through the file and use approval process.[6] (Section 38)

Information Disclosure by Insurer

The bill authorizes the filing of an enforcement action if an insurer fails to comply with the information disclosure requirements of s. 627.4137, F.S. In pertinent part, that section requires an insurer providing liability insurance coverage to provide, within 30 days after the written request of a claimant or the claimant's attorney, a statement, under oath, setting forth the following information:

- The name of the insurer;
- The name of each insured;
- The limits of the liability coverage;
- A statement of any policy or coverage defense which the insurer reasonably believes it has available; and
- A copy of the policy.

Under the bill, if a court determines that an insurer violated such information disclosure requirements, a claimant is entitled to an award of reasonable attorney fees and costs to be paid by the insurer. (Section 42)

[6] In the file and use approval process, an insurer must file its proposed rates with OIR and have them approved before the rates may be implemented. In contrast, under the use and file method, an insurer may implement new rates before getting OIR's approval.

Appropriation

The bill appropriates the sum of $83,651 in nonrecurring funds from the Insurance Regulatory Trust Fund to OIR to implement changes made by the bill. (Section 60)

Miscellaneous Provisions

The bill:

- Makes conforming changes to numerous sections of law.
- Provides an effective date of July 1, 2026, except as otherwise provided. (Section 61)

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill may have a fiscal impact on the state court system to the extent that it increases the number of tort lawsuits filed. The bill may also have a fiscal impact on the Office of Insurance Regulation ("OIR"); however, the bill makes an appropriation of $83,651 in non-recurring funds from the Insurance Regulatory Trust Fund to OIR to address changes made by the bill.

PRIVATE SECTOR:

The bill may have an indeterminate economic impact on the private sector. Whether such impact is positive or negative depends on whether the changes made by the bill increase or decrease motor vehicle insurance premiums, and whether or not the elimination of PIP coverage results in the timely and sufficient reimbursement of the medical expenses incurred by persons injured in automobile accidents.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

General Tort Law

The main purpose of Florida's civil justice system is to properly and fairly redress the civil wrongs committed throughout the state. A functioning civil justice system, when it operates justly:

- Provides a fair and equitable forum to resolve disputes;
- Discourages persons from resorting to self-help methods to redress wrongs;
- Appropriately compensates legitimately harmed persons;
- Shifts losses to responsible parties;
- Provides incentives to prevent future harm; and
- Deters undesirable behavior.[7]

A goal of the civil justice system is to redress tortious conduct, or "torts" – that is, wrongs for which the law provides a remedy. Torts are generally divided into three categories, as follows:

- An intentional tort, examples of which include assault, battery, or false imprisonment.[8]
- Recklessness, which is behavior so careless that it is considered an extreme departure from the care a reasonable person would exercise in similar circumstances.[9]
- Negligence, which is the failure to behave with the level of care that an ordinary prudent person would have exercised under the same circumstances.[10] To prevail in a negligence lawsuit, the plaintiff must show that the:
    - Defendant had a legal duty of care requiring the defendant to conform to a certain standard of conduct for the protection of others, including the plaintiff, against unreasonable risks;
    - Defendant breached his or her duty of care by failing to conform to the required standard;

[7] *Cf.* Am. Jur. 2d Torts s. 2.
[8] Legal Information Institute, *Intentional Tort*, https://www.law.cornell.edu/wex/intentional_tort (last visited Mar. 27, 2025).
[9] Legal Information Institute, *Reckless*, https://www.law.cornell.edu/wex/reckless (last visited Mar. 27, 2025).
[10] Legal Information Institute, *Negligence*, https://www.law.cornell.edu/wex/negligence (last visited Mar. 27, 2025).

- Defendant's breach caused the plaintiff to suffer an injury; and
- Plaintiff suffered actual damage or loss resulting from such injury.[11]

Financial Responsibility Law

All states have financial responsibility laws requiring persons involved in motor vehicle accidents, or who commit serious traffic violation, to furnish proof of bodily injury ("BI") and property damage ("PD") liability insurance at the time of the accident or violation. Such insurance generally covers damages to the person or property of another resulting from a motor vehicle accident caused by the insured, and limits the insured's personal liability should he or she be sued in connection with the accident to amounts exceeding the policy limits; however, required minimum coverage amounts vary among the states.[12]

Florida's Financial Responsibility Law generally requires proof of ability to pay monetary damages for BI and PD liability arising out of a motor vehicle accident or serious traffic violation.[13] Under Florida law, the owner or operator of a motor vehicle must show proof of PD liability coverage at the time he or she registers the vehicle in Florida.[14] However, such person is generally not required to show proof of BI liability coverage at the time of vehicle registration; instead, proof of such coverage is typically only required after an accident.[15] At that time, a driver proves financial responsibility by furnishing an active motor vehicle liability insurance policy meeting the minimum coverage requirements, a certificate showing a qualifying security deposit made with the Department of Highway Safety and Motor Vehicles ("DHSMV"), or proof of qualifying self-insurance.[16] Where a driver does not comply with the Financial Responsibility Law, his or her driver's license and vehicle registration may be suspended.[17]

Specifically, under the Financial Responsibility Law, a motor vehicle owner or operator must hold minimum:

- BI liability coverage of at least $10,000 in the event of the bodily injury to or death of one person and $20,000 in the event of the bodily injury to or death of two or more persons; and
- PD liability coverage of at least $10,000, in the event of damage to property of others; or
- $30,000 in combined BI and PD liability coverage.[18]

These coverage amounts are often referred to in a summary manner as $10,000/$20,000/$10,000 or 10/20/10.

Further, businesses that choose to self-insure must make a security deposit of $30,000 per vehicle, up to a maximum of $120,000, with the DHSMV and maintain excess insurance with limits of $125,000/$250,000/$300,000. Individuals that choose to self-insure must deposit $30,000 with the DHSMV. Individuals and businesses can also obtain a certificate of self-insurance to satisfy the financial responsibility requirements; however, individuals choosing this option must have an unencumbered net worth of $40,000, while businesses choosing this option must have either an unencumbered net worth of $40,000 for the first vehicle and $20,000 for each additional vehicle or a sufficient net worth as determined by DHSMV rule.[19]

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[11] 6 *Florida Practice Series* s. 1.1; *see Barnett v. Dept. of Fin. Serv.*, 303 So. 3d 508 (Fla. 2020).
[12] Florida Department of Financial Services, *Personal Automobile insurance Overview*, https://www.myfloridacfo.com/division/consumers/understanding-insurance/personal-automobile-insurance-overview (last visited Mar. 27, 2025).
[13] "Motor vehicle" generally means every self-propelled vehicle that is designed and required to be licensed for use on the highway, but the term does not include electric bicycles, mopeds, or farm tractors. Ch. 324, F.S.
[14] S. 320.02, F.S.
[15] Exceptions apply where the person registering the motor vehicle has been found guilty of or entered a plea of guilty or no contest to a charge of driving under the influence under s. 316.193, F.S. In such a case, the person registering the vehicle must show that he or she has minimum BI liability coverage of $100,000 for the death of or injury to one person arising from a motor vehicle accident and $300,000 for the death of or injury to any two or more persons arising from a motor vehicle accident. Ss. 320.02, 324.011, and 324.021, F.S.
[16] Ss. 324.031, 324.061, 324.161, and 324.171, F.S.
[17] S. 324.0221(2), F.S.
[18] S. 324.022, F.S.
[19] Currently, the applicable rule provides that $40,000 for the first vehicle and an amount less than $20,000 for each additional vehicle is sufficient if the applicant carries excess insurance in the amounts of $25,000/$50,000/$100,000. The amount applicable to each additional vehicle is set annually under a rule adopted by OIR. Rule 15A-3.011, F.A.C.

Personal Injury Protection Coverage

According to a recent survey, 14 states (including Florida) and Puerto Rico require motorists to carry, in addition to BI and PD liability coverage, no-fault insurance known as personal injury protection ("PIP") coverage; five states and the District of Columbia make PIP coverage optional.[20] Where it is available, PIP provides to the covered person immediate medical, surgical, funeral, and disability insurance benefits up to the coverage limits after a motor vehicle accident, regardless of who caused the accident.[21]

Florida's Motor Vehicle No-Fault Law ("No-Fault Law") requires all owners or registrants of motor vehicles with four or more wheels, except school buses, limos, and taxicabs, to carry PIP insurance, which covers up to $10,000 in emergency medical and disability benefits (limited to $2,500 in medical benefits for non-emergency medical conditions) and $5,000 in death benefits, along with 60 percent of income lost due to disability and replacement services for household task the injured person would have handled but is now unable to perform (not to exceed the $10,000 overall benefit limit).[22] Where medical benefits are awarded, PIP covers 80 percent of reasonable medical expenses paid to eligible medical providers; however, medical benefits are paid only if initial treatment is received within 14 days of the accident, and massages and acupuncture are not covered.[23]

PIP coverage extends to the named insured, relatives of the named insured living in the same household, persons operating the vehicle, and passengers in the vehicle, and it also protects a covered person struck and injured outside a vehicle.[24] In return for providing such benefits, the No-Fault Law limits the tort liability of an at-fault driver in connection to a motor vehicle accident; instead, each person involved in the accident generally must seek reimbursement of their medical expenses and related damages under their own PIP insurance, unless an exception applies.[25] Further, the No-Fault Law provides a conditional exclusion prohibiting recovery under a PIP policy for certain non-economic damages,[26] including pain and suffering, mental anguish, and inconvenience, and prohibits the award of punitive damages.[27]

Critics of the No-Fault Law argue that the $10,000 PIP coverage limit, unchanged since the 1970s, is insufficient to cover current medical costs. Further, one recent study notes that Florida currently has the highest average annual cost for minimum motor vehicle insurance coverage, with an average premium of $1529 per vehicle per year; the states with the next four highest averages (that is, New Jersey, Michigan, New York, and Delaware) also have mandatory PIP coverage requirements.[28]

Recent Legislative Reforms

After a statewide grand jury found evidence of rampant PIP fraud in Florida's insurance market, the Florida Legislature began a years-long effort to reform PIP insurance.[29] Initially, in 2003, the Legislature provided for PIP

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[20] According to the survey, PIP is required in Delaware, Florida, Hawaii, Kansas, Kentucy, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Dakota, Oregon, Pennsylvania, Utah, and Puerto Rico; PIP is option in Arkansas, Connecticut, Maryland, Texas, Washington State, and Washington, D.C. Penny Gusner, *What Is Personal Injury Protection (PIP) And Do You Need It?*, https://www.forbes.com/advisor/car-insurance/pip-guide/ (last visited Mar. 27, 2025).

[21] *Id.*

[22] S. 627.7275, F.S.

[23] Insurers may limit reimbursements to a fee schedule tied to the Medicare allowed amount. For many services, 80 percent of 200 percent of the Medicare allowed amount is the standard reimbursement. S. 627.736(5)(a)1., F.S.

[24] This includes non-resident owners who keep a vehicle in Florida for more than 90 days out of the previous 365 days. S. 627.733(2), F.S.

[25] An injured person may still sue the at-fault driver if the injured person suffers significant and permanent loss of an important bodily function; permanent injury within a reasonable degree of medical probability; significant and permanent scarring or disfigurement; or death. Even in such suits, the injured party has no right to recover any damages for which PIP benefits are paid, or payable.

[26] "Non-economic damages" are intangible harms, for which a dollar value is not readily attributable. Justia, *Non-Economic Damages in Personal Injury Lawsuits*, https://www.justia.com/injury/negligence-theory/non-economic-damages/ (last visited Mar. 27, 2025).

[27] "Punitive damages" are damages designed to punish a wrongdoer. Such damages are usually only awarded where the plaintiff can show that the defendant's misconduct was willful or wanton. Legal Information Institute, *Punitive Damages*, https://www.law.cornell.edu/wex/punitive_damages (last visited Mar. 27, 2025).

[28] Gusner, *supra* note 13.

[29] The grand jury found evidence that such fraud included: 1) illegal solicitation of accident victims for the purpose of filing for PIP benefits and motor vehicle tort claims; (2) brokering patients between doctors, lawyers, and diagnostic facilities; (3) billing insurance companies for

repeal through a sunset provision effective October 1, 2007; after the Governor vetoed a subsequent bill extending PIP's sunset period, PIP expired in 2007.[30] However, the Legislature then revived PIP, effective January 1, 2008, in a 2007 Special Session,[31] and subsequently revised the PIP law over several years.[32] Revisions to PIP in these years included:

- Establishing requirements for and limiting access to motor vehicle crash reports;
- Limiting medical services, reimbursement, and eligible providers;
- Requiring provider licensing;
- Requiring pre-suit demand letters;
- Increasing criminal penalties;
- Defining certain activities by claims handlers as unfair and deceptive trade practices;
- Limiting benefits for emergency and non-emergency medical conditions;
- Clarifying the application of the PIP medical reimbursement fee schedule;
- Allowing for the reimbursement of certain healthcare clinics for PIP-related medical services;
- Requiring rate filings with reduced PIP premiums; and
- Limiting attorney fees.[33]

Bills to once again repeal PIP have come before the Legislature for consideration in recent years, and in 2021, the Legislature passed CS/CS/SB 54, which, in pertinent part, repealed the PIP coverage requirement and raised the minimum coverage limits for motor vehicle owners and operators under the Financial Responsibility Law. Specifically, the bill increased the minimum BI coverage limits from $10,000 per person and $20,000 per incident to $25,000 per person and $50,000 per incident, but the minimum PD coverage limit remained unchanged at $10,000.[34] The bill also required insurers to offer medical payments coverage at limits of $5,000 and $10,000 with no deductible, and authorized an insurer to offer medical payments coverage at limits greater than $5,000 and with a deductible of up to $500; medical payments coverage in any amount also had to include an additional death benefit of at least $5,000. Under the bill, a motor vehicle insurance policy was deemed to have $10,000 in med pay coverage unless the insurer obtained the insured's written refusal of medical payments coverage or a written selection of medical payments coverage at a limit other than $10,000.

In conjunction with the passage of 2021 CS/CS/SB 54, OIR contracted with Pinnacle Actuarial Resources ("Pinnacle") to determine the impact such a repeal would have on motor vehicle insurance premiums in Florida.[35] Released on June 14, 2021, the Pinnacle report estimated that, if PIP was repealed in Florida, motor vehicle insurance premiums would see a 13.3 percent increase for all coverages combined, or $202 per vehicle annually for the average driver; however, this estimate assumed that PIP would be replaced by opt-out medical payments coverage with a default limit of $10,000.[36] The report then went on to estimate that drivers rejecting medical payments coverage would see an increase of 1.5 percent, or $23 per vehicle annually on the premium for all coverages combined, while drivers electing to buy medical payments coverage with a $5,000 limit would see an 8.6 percent increase for the coverage premium, or approximately $131 per vehicle.[37] The Governor ultimately vetoed the bill, finding that "while the PIP system has flaws…[the bill] does not adequately address current issues facing Florida drivers and may have unintended consequences that would negatively impact both the market and

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treatment not rendered; (4) using phony diagnostic tests or misusing legitimate tests; (5) inflating charges for diagnostic tests or procedures through brokers; and (6) filing fraudulent motor vehicle tort lawsuits. Fifteenth Statewide Grand Jury, *Report on Insurance Fraud Related To Personal Injury Protection*, https://www.yourstpetelawyers.com/2000-statewide-grand-jury-report-on-pip-insurance-fraud-worth-reading/ (last visited Mar. 27, 2025); Florida Supreme Court, Case Docket: Case No. SC 695746, https://onlinedocketssc.flcourts.org/DocketResults/LTCases?CaseNumber=95746&CaseYear=1960 (last visited Mar. 27, 2025).

[30] Ch. 2003-411, L.O.F.

[31] Ch. 2007-324, L.O.F.

[32] Ch. 2012-197, L.O.F.; ch. 2015-135, L.O.F.

[33] Attorney fees in PIP disputes between an insured and an insurer were ultimately eliminated as part of a larger tort reform effort in 2023. Ch. 2023-15, L.O.F.

[34] The bill also included insurer "bad faith" reforms, a mandatory $5,000 death benefit, and a $10,000 setoff on damages where the injured party lacked the required motor vehicle insurance. The Legislature ultimately adopted broader insurer "bad faith" reforms as part of a larger tort reform effort in 2023. Ch. 2023-15, L.O.F.

[35] Pinnacle Actuarial Resources, *The Impact of Repealing Personal Injury Protection Coverage in Florida*, https://fcep.org/wp-content/uploads/2022/02/FloridaOIRPIPRepealImpactFinalReport06142021.pdf (last visited Mar. 27, 2025).

[36] *Id.*

[37] *Id.*

consumers."[38] However, the instant bill does not include mandatory or opt-out medical payments coverage provisions as 2021 CS/CS/SB 54 did, and OIR has not commissioned a study on what impact, if any, passage of this bill would have on motor vehicle insurance premiums in Florida.

Medical Payments Coverage

Florida drivers have the option to purchase medical payments coverage, in addition to their PIP coverage, to cover medical expenses (beyond those covered by PIP) resulting from injuries sustained in a motor vehicle accident.[39] Like PIP, medical payments insurance differs from BI coverage in that it covers the medical expenses of the insured, members of the insured's family, and the insured's passengers regardless of who caused the accident, and it is available whether the covered person's injury occurs while the covered person is in the insured's car, in someone else's car, or a pedestrian.[40] However, medical payments coverage is typically secondary to coverage under any applicable health insurance policy; whether or not this is the case depends on the health insurance policy's terms.[41]

Uninsured Motorist Coverage

Florida drivers have the option to purchase uninsured motorist coverage to cover injuries and damages which they sustain in a motor vehicle accident caused by an uninsured, or underinsured, driver; such coverage can be important as, according to a recent study, 15.9 percent of Florida drivers lacked sufficient motor vehicle liability insurance coverage.[42] Given the risks posed by uninsured drivers, a standard motor vehicle liability insurance policy issued in Florida comes with uninsured motorist coverage; to decline such coverage, the insured must opt out of accepting it in writing.[43] Further, an uninsured motorist coverage insurer's legal liability does not include non-economic damages for pain, suffering, disability or physical impairment, disfigurement, mental anguish, inconvenience, or the loss of capacity for the enjoyment of life experienced in the past and to be experienced in the future.[44]

RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2021	CS/CS/SB 54	Grall	Burgess	Vetoed by the Governor.

[38] Veto Letter of Ron DeSantis, Governor, (June 29, 2021) https://www.flgov.com/eog/sites/default/files/press/SB-54-Transmittal-Letter.pdf (last visited Mar. 27, 2025).
[39] The Florida Bar, *Consumer Pamphlet: Automobile Insurance*, https://www.floridabar.org/public/consumer/tip002/#Untitled%20Section (last visited Mar. 27, 2025).
[40] *Id.*
[41] Investopedia, *Medical Payments Coverage (MedPay): Overview and Examples*, https://www.investopedia.com/terms/m/medical-payments-coverage.asp (last visited Mar. 27, 2025).
[42] S. 627.727, F.S.; Insurance Information Institute, *Facts + Statistics: Uninsured Motorists*, https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists (last visited Mar. 27, 2025).
[43] S. 627.727, F.S.
[44] *Id.*

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Civil Justice & Claims Subcommittee	13 Y, 2 N	3/27/2025	Jones	Mawn
Insurance & Banking Subcommittee			Hamon	Herrera
Judiciary Committee				

A bill to be entitled

An act relating to motor vehicle insurance; repealing ss. 627.730, 627.731, 627.7311, 627.732, 627.733, 627.734, 627.736, 627.737, 627.739, 627.7401, 627.7403, and 627.7405, F.S., which make up the Florida Motor Vehicle No-Fault Law; repealing s. 627.7407, F.S., relating to application of the Florida Motor Vehicle No-Fault Law; amending s. 316.2122, F.S.; conforming a provision to changes made by the act; amending s. 316.646, F.S.; revising a requirement for proof of security on a motor vehicle and the applicability of the requirement; amending s. 318.18, F.S.; conforming a provision to changes made by the act; amending s. 320.02, F.S.; revising the motor vehicle insurance coverages that an applicant must show to register certain vehicles with the Department of Highway Safety and Motor Vehicles; conforming a provision to changes made by the act; revising construction; amending s. 320.0609, F.S.; conforming a provision to changes made by the act; amending s. 320.27, F.S.; defining the term "garage liability insurance"; revising garage liability insurance requirements for motor vehicle dealer license applicants; conforming a provision to changes made by the act; making technical changes; amending s.

320.771, F.S.; revising garage liability insurance requirements for recreational vehicle dealer license applicants; amending ss. 322.251 and 322.34, F.S.; conforming provisions to changes made by the act; amending s. 324.011, F.S.; revising legislative purpose and intent; amending s. 324.021, F.S.; revising definitions; revising minimum coverage requirements for proof of financial responsibility for specified motor vehicles; conforming provisions to changes made by the act; defining the term "for-hire passenger transportation vehicle"; amending s. 324.022, F.S.; revising minimum liability coverage requirements for motor vehicle owners or operators; revising authorized methods for meeting such requirements; deleting a provision relating to an insurer's duty to defend certain claims; revising the definition of the term "motor vehicle" to exclude some vehicles; providing security requirements for certain excluded vehicles; conforming provisions to changes made by the act; amending s. 324.0221, F.S.; revising coverages that subject a policy to certain insurer reporting and notice requirements; conforming provisions to changes made by the act; creating s. 324.0222, F.S.; providing that driver license or motor vehicle registration suspensions for failure to

maintain required security which are in effect before a specified date remain in full force and effect; providing that such suspended licenses or registrations may be reinstated as provided in a specified section; amending s. 324.023, F.S.; conforming cross-references; amending s. 324.031, F.S.; specifying a method of proving financial responsibility by owners or operators of motor vehicles other than for-hire passenger transportation vehicles; revising the amount of a certificate of deposit required to elect a certain method of proof of financial responsibility; revising liability coverage requirements for a person electing to use such method; amending s. 324.032, F.S.; revising financial responsibility requirements for owners or lessees of for-hire passenger transportation vehicles; amending s. 324.051, F.S.; making technical changes; specifying that motor vehicles include motorcycles for purposes of the section; amending ss. 324.071 and 324.091, F.S.; making technical changes; amending s. 324.151, F.S.; revising requirements for motor vehicle liability insurance policies relating to coverage, and exclusion from coverage, for certain drivers and vehicles; conforming provisions to changes made by the act; making technical changes; defining terms;

amending s. 324.161, F.S.; revising requirements for a certificate of deposit that is required if a person elects a certain method of proving financial responsibility; amending s. 324.171, F.S.; revising the minimum net worth requirements to qualify certain persons as self-insurers; conforming provisions to changes made by the act; amending s. 324.242, F.S.; conforming provisions to changes made by the act; amending s. 324.251, F.S.; revising a short title and an effective date; amending s. 400.9905, F.S.; revising the definition of the term "clinic"; conforming provisions to changes made by the act; amending ss. 400.991 and 400.9935, F.S.; conforming provisions to changes made by the act; amending s. 409.901, F.S.; revising the definition of the term "third-party benefit"; amending s. 409.910, F.S.; revising the definition of the term "medical coverage"; amending s. 456.057, F.S.; conforming a provision to changes made by the act; amending s. 456.072, F.S.; revising specified grounds for discipline for certain health professions; defining the term "upcode"; conforming a provision to changes made by the act; amending s. 626.9541, F.S.; conforming a provision to changes made by the act; revising certain prohibited acts related to specified

insurance coverage payment requirements; amending s. 626.989, F.S.; revising the definition of the term "fraudulent insurance act"; amending s. 627.06501, F.S.; revising coverages that may provide for a reduction in motor vehicle insurance policy premium charges under certain circumstances; amending s. 627.0651, F.S.; specifying requirements for rate filings for motor vehicle liability policies that implement requirements in effect on a specified date; requiring that such filings be approved through a certain process; amending s. 627.0652, F.S.; revising coverages that must provide a premium charge reduction under certain circumstances; amending s. 627.0653, F.S.; revising coverages that are subject to premium discounts for specified motor vehicle equipment; amending s. 627.4132, F.S.; revising coverages that are subject to a stacking prohibition; amending s. 627.4137, F.S.; requiring insurers to disclose certain information at the request of a claimant's attorney; authorizing a claimant to file an action under certain circumstances; providing for the award of reasonable attorney fees and costs under certain circumstances; amending s. 627.7263, F.S.; revising coverages that are deemed primary, except under certain circumstances, for the lessor of a motor vehicle for

lease or rent; revising a notice that is required if the lessee's coverage is to be primary; amending s. 627.727, F.S.; conforming provisions to changes made by the act; revising the legal liability of an uninsured motorist coverage insurer; amending s. 627.7275, F.S.; revising required coverages for a motor vehicle insurance policy; conforming provisions to changes made by the act; creating s. 627.7278, F.S.; defining the term "minimum security requirements"; providing a prohibition, requirements, and construction relating to motor vehicle insurance policies as of a certain date; requiring insurers to allow certain insureds to make certain coverage changes, subject to certain conditions; requiring an insurer to provide, by a specified date, a specified notice to policyholders relating to requirements under the act; amending s. 627.728, F.S.; conforming a provision to changes made by the act; amending s. 627.7295, F.S.; revising the definitions of the terms "policy" and "binder"; revising the coverages of a motor vehicle insurance policy for which a licensed general lines agent may charge a specified fee; conforming provisions to changes made by the act; amending s. 627.7415, F.S.; revising additional liability insurance requirements for commercial motor

vehicles; amending s. 627.747, F.S.; conforming provisions to changes made by the act; amending s. 627.748, F.S.; revising insurance requirements for transportation network company drivers; conforming provisions to changes made by the act; conforming cross-references; amending ss. 627.7483 and 627.749, F.S.; conforming provisions to changes made by the act; amending s. 627.8405, F.S.; revising coverages in a policy sold in combination with an accidental death and dismemberment policy which a premium finance company may not finance; revising rulemaking authority of the Financial Services Commission; amending ss. 627.915, 628.909, 705.184, and 713.78, F.S.; conforming provisions to changes made by the act; amending s. 817.234, F.S.; revising coverages that are the basis of specified prohibited false and fraudulent insurance claims; conforming provisions to changes made by the act; deleting provisions relating to prohibited changes in certain mental or physical reports; providing an appropriation; providing effective dates.

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

Section 1. Sections 627.730, 627.731, 627.7311, 627.732,

627.733, 627.734, 627.736, 627.737, 627.739, 627.7401, 627.7403, and 627.7405, Florida Statutes, are repealed.

Section 2. Section 627.7407, Florida Statutes, is repealed.

Section 3. Paragraph (e) of subsection (2) of section 316.2122, Florida Statutes, is amended to read:

316.2122 Operation of a low-speed vehicle, mini truck, or low-speed autonomous delivery vehicle on certain roadways.—

(2) The operation of a low-speed autonomous delivery vehicle on any road is authorized with the following restrictions:

(e) A low-speed autonomous delivery vehicle must be covered by a policy of automobile insurance which provides the coverage required by s. 627.749(2)(a)1. and~~,~~ 2.~~, and 3.~~ The coverage requirements of this paragraph may be satisfied by automobile insurance maintained by the owner of a low-speed autonomous delivery vehicle, the owner of the teleoperation system, the remote human operator, or a combination thereof.

Section 4. Subsection (1) of section 316.646, Florida Statutes, is amended to read:

316.646 Security required; proof of security and display thereof.—

(1) A ~~Any~~ person required by s. 324.022, s. 324.023, s. 324.032, s. 627.7415, s. 627.742, s. 627.748, or s. 627.7483 to maintain liability security for property damage, ~~liability~~

~~security, required by s. 324.023 to maintain liability security for~~ bodily injury, or death must~~, or required by s. 627.733 to maintain personal injury protection security on a motor vehicle shall~~ have in his or her immediate possession at all times while operating a ~~such~~ motor vehicle proper proof of maintenance of the required security.

(a) Such proof must ~~shall~~ be in a uniform paper or electronic format, as prescribed by the department, a valid insurance policy, an insurance policy binder, a certificate of insurance, or such other proof as may be prescribed by the department.

(b)1. The act of presenting to a law enforcement officer an electronic device displaying proof of insurance in an electronic format does not constitute consent for the officer to access any information on the device other than the displayed proof of insurance.

2. The person who presents the device to the officer assumes the liability for any resulting damage to the device.

Section 5. Paragraph (b) of subsection (2) of section 318.18, Florida Statutes, is amended to read:

318.18 Amount of penalties.—The penalties required for a noncriminal disposition pursuant to s. 318.14 or a criminal offense listed in s. 318.17 are as follows:

(2) Thirty dollars for all nonmoving traffic violations and:

(b) For all violations of ss. 320.0605, 320.07(1), 322.065, and 322.15(1). A ~~Any~~ person ~~who is~~ cited for a violation of s. 320.07(1) must ~~shall~~ be charged a delinquent fee pursuant to s. 320.07(4).

1. If a person ~~who is~~ cited for a violation of s. 320.0605 or s. 320.07 can show proof of having a valid registration at the time of arrest, the clerk of the court may dismiss the case and may assess a dismissal fee of up to $10, from which the clerk shall remit $2.50 to the Department of Revenue for deposit into the General Revenue Fund. A person who finds it impossible or impractical to obtain a valid registration certificate must submit an affidavit detailing the reasons for the impossibility or impracticality. The reasons may include, but are not limited to, the fact that the vehicle was sold, stolen, or destroyed; that the state in which the vehicle is registered does not issue a certificate of registration; or that the vehicle is owned by another person.

2. If a person ~~who is~~ cited for a violation of s. 322.03, s. 322.065, or s. 322.15 can show a driver license issued to him or her and valid at the time of arrest, the clerk of the court may dismiss the case and may assess a dismissal fee of up to $10, from which the clerk shall remit $2.50 to the Department of Revenue for deposit into the General Revenue Fund.

3. If a person ~~who is~~ cited for a violation of s. 316.646 can show proof of security as required by s. 324.021(7) ~~s.~~

~~627.733~~, issued to the person and valid at the time of arrest, the clerk of the court may dismiss the case and may assess a dismissal fee of up to $10, from which the clerk shall remit $2.50 to the Department of Revenue for deposit into the General Revenue Fund. A person who finds it impossible or impractical to obtain proof of security must submit an affidavit detailing the reasons for the impracticality. The reasons may include, but are not limited to, the fact that the vehicle has since been sold, stolen, or destroyed~~; that the owner or registrant of the vehicle is not required by s. 627.733 to maintain personal injury protection insurance;~~ or that the vehicle is owned by another person.

Section 6. Paragraphs (a) and (d) of subsection (5) of section 320.02, Florida Statutes, are amended to read:

320.02 Registration required; application for registration; forms.—

(5)(a) Proof that bodily injury liability coverage and property damage liability coverage ~~personal injury protection benefits~~ have been purchased if required under s. 324.022, s. 324.032, or s. 627.742 ~~s. 627.733, that property damage liability coverage has been purchased as required under s. 324.022~~, that bodily injury liability ~~or death~~ coverage has been purchased if required under s. 324.023, and that combined bodily liability insurance and property damage liability insurance have been purchased if required under s. 627.7415 must ~~shall~~ be

provided in the manner prescribed by law by the applicant at the time of application for registration of any motor vehicle that is subject to such requirements. The issuing agent may not ~~shall refuse to~~ issue registration if such proof of purchase is not provided. Insurers shall furnish uniform proof-of-purchase cards in a paper or electronic format in a form prescribed by the department and include the name of the insured's insurance company, the coverage identification number, and the make, year, and vehicle identification number of the vehicle insured. The card must contain a statement notifying the applicant of the penalty specified under s. 316.646(4). The card or insurance policy, insurance policy binder, or certificate of insurance or a photocopy of any of these; an affidavit containing the name of the insured's insurance company, the insured's policy number, and the make and year of the vehicle insured; or such other proof as may be prescribed by the department constitutes ~~shall constitute~~ sufficient proof of purchase. If an affidavit is provided as proof, it must be in substantially the following form:

Under penalty of perjury, I ...(Name of insured)... do hereby certify that I have ...(bodily injury liability and ~~Personal Injury Protection,~~ property damage liability~~, and, if required, Bodily Injury Liability~~)... insurance currently in effect with ...(Name of insurance company)... under ...(policy number)...

covering ...(make, year, and vehicle identification number of vehicle).... ...(Signature of Insured)...

Such affidavit must include the following warning:

WARNING: GIVING FALSE INFORMATION IN ORDER TO OBTAIN A VEHICLE REGISTRATION CERTIFICATE IS A CRIMINAL OFFENSE UNDER FLORIDA LAW. ANYONE GIVING FALSE INFORMATION ON THIS AFFIDAVIT IS SUBJECT TO PROSECUTION.

If an application is made through a licensed motor vehicle dealer as required under s. 319.23, the original or a photocopy ~~photostatic copy~~ of such card, insurance policy, insurance policy binder, or certificate of insurance or the original affidavit from the insured must ~~shall~~ be forwarded by the dealer to the tax collector of the county or the Department of Highway Safety and Motor Vehicles for processing. By executing the ~~aforesaid~~ affidavit, a ~~no~~ licensed motor vehicle dealer is not ~~will be~~ liable in damages for any inadequacy, insufficiency, or falsification of any statement contained therein. ~~A card must also indicate the existence of any bodily injury liability insurance voluntarily purchased.~~

(d) The verifying of ~~proof of personal injury protection insurance, proof of property damage liability insurance, proof of combined bodily liability insurance and property damage~~

~~liability insurance, or~~ proof of financial responsibility ~~insurance~~ and the issuance or failure to issue the motor vehicle registration under ~~the provisions of~~ this chapter may not be construed in any court as a warranty of the reliability or accuracy of the evidence of such proof or as meaning that the provisions of any insurance policy furnished as proof of financial responsibility comply with state law. Neither the department nor any tax collector is liable in damages for any inadequacy, insufficiency, falsification, or unauthorized modification of any item of ~~the proof of personal injury protection insurance, proof of property damage liability insurance, proof of combined bodily liability insurance and property damage liability insurance, or~~ proof of financial responsibility before ~~insurance prior to~~, during, or subsequent to the verification of the proof. The issuance of a motor vehicle registration does not constitute prima facie evidence or a presumption of insurance coverage.

Section 7. Paragraph (b) of subsection (1) of section 320.0609, Florida Statutes, is amended to read:

320.0609 Transfer and exchange of registration license plates; transfer fee.—

(1)

(b) The transfer of a license plate from a vehicle disposed of to a newly acquired vehicle does not constitute a new registration. The application for transfer must ~~shall~~ be

accepted without requiring proof of ~~personal injury protection or~~ liability insurance.

Section 8. Subsection (3) of section 320.27, Florida Statutes, is amended, and paragraph (g) is added to subsection (1) of that section, to read:

320.27 Motor vehicle dealers.—

(1) DEFINITIONS.—The following words, terms, and phrases when used in this section have the meanings respectively ascribed to them in this subsection, except where the context clearly indicates a different meaning:

(g) "Garage liability insurance" means, beginning July 1, 2026, combined single-limit liability coverage, including property damage and bodily injury liability coverage, in the amount of at least $60,000.

(3) APPLICATION AND FEE.—The ~~application for the~~ license application must ~~shall~~ be in such form as may be prescribed by the department and is ~~shall be~~ subject to such rules ~~with respect thereto~~ as may be so prescribed by the department ~~it~~. Such application must ~~shall~~ be verified by oath or affirmation and must ~~shall~~ contain a full statement of the name and birth date of the person or persons applying for the license ~~therefor~~; the name of the firm or copartnership, with the names and places of residence of all members ~~thereof~~, if such applicant is a firm or copartnership; the names and places of residence of the principal officers, if the applicant is a body corporate or

other artificial body; the name of the state under whose laws the corporation is organized; the present and former place or places of residence of the applicant; and the prior business in which the applicant has been engaged and its ~~the~~ location ~~thereof~~. The ~~Such~~ application must ~~shall~~ describe the exact location of the place of business and must ~~shall~~ state whether the place of business is owned by the applicant and when acquired, or, if leased, a true copy of the lease must ~~shall~~ be attached to the application. The applicant shall certify that the location provides an adequately equipped office and is not a residence; that the location affords sufficient unoccupied space upon and within which adequately to store all motor vehicles offered and displayed for sale; and that the location is a suitable place where the applicant can in good faith carry on such business and keep and maintain books, records, and files necessary to conduct such business, which must ~~shall~~ be available at all reasonable hours to inspection by the department or any of its inspectors or other employees. The applicant shall certify that the business of a motor vehicle dealer is the principal business that will ~~which shall~~ be conducted at that location. The application must ~~shall~~ contain a statement that the applicant is either franchised by a manufacturer of motor vehicles, in which case the name of each motor vehicle that the applicant is franchised to sell must ~~shall~~ be included, or an independent (nonfranchised) motor

vehicle dealer. The application must ~~shall~~ contain other relevant information as may be required by the department. The applicant shall furnish~~, including~~ evidence, in a form approved by the department, that the applicant is insured under a garage liability insurance policy or a general liability insurance policy coupled with a business automobile policy having the coverages and limits of garage liability insurance coverage in accordance with paragraph (1)(g)~~, which shall include, at a minimum, $25,000 combined single-limit liability coverage including bodily injury and property damage protection and $10,000 personal injury protection~~. However, a salvage motor vehicle dealer as defined in subparagraph (1)(c)5. is exempt from the requirements for garage liability insurance ~~and personal injury protection insurance~~ on those vehicles that cannot be legally operated on roads, highways, or streets in this state. Franchise dealers must submit a garage liability insurance policy, and all other dealers must submit a garage liability insurance policy or a general liability insurance policy coupled with a business automobile policy. Such policy must ~~shall~~ be for the license period, and evidence of a new or continued policy must ~~shall~~ be delivered to the department at the beginning of each license period. A licensee shall deliver to the department, in the manner prescribed by the department, within 10 calendar days after any renewal or continuation of or change in such policy or within 10 calendar days after any

issuance of a new policy, a copy of the renewed, continued, changed, or new policy. Upon making an initial application, the applicant shall pay to the department a fee of $300 in addition to any other fees required by law. Applicants may choose to extend the licensure period for 1 additional year for a total of 2 years. An initial applicant shall pay to the department a fee of $300 for the first year and $75 for the second year, in addition to any other fees required by law. An applicant for renewal shall pay to the department $75 for a 1-year renewal or $150 for a 2-year renewal, in addition to any other fees required by law. Upon making an application for a change of location, the applicant ~~person~~ shall pay a fee of $50 in addition to any other fees now required by law. The department shall, in the case of every application for initial licensure, verify whether certain facts set forth in the application are true. Each applicant, general partner in the case of a partnership, or corporate officer and director in the case of a corporate applicant shall~~, must~~ file a set of fingerprints with the department for the purpose of determining any prior criminal record or any outstanding warrants. The department shall submit the fingerprints to the Department of Law Enforcement for state processing and forwarding to the Federal Bureau of Investigation for federal processing. The actual cost of state and federal processing must ~~shall~~ be borne by the applicant and is in addition to the fee for licensure. The department may issue a

license to an applicant pending the results of the fingerprint investigation, which license is fully revocable if the department subsequently determines that any facts set forth in the application are not true or correctly represented.

Section 9. Paragraph (j) of subsection (3) of section 320.771, Florida Statutes, is amended to read:

320.771 License required of recreational vehicle dealers.—

(3) APPLICATION.—The application for such license shall be in the form prescribed by the department and subject to such rules as may be prescribed by it. The application shall be verified by oath or affirmation and shall contain:

(j) Evidence that the applicant is insured under a garage liability insurance policy as defined in s. 320.27(1)(g)~~, which shall include, at a minimum, $25,000 combined single-limit liability coverage, including bodily injury and property damage protection, and $10,000 personal injury protection,~~ if the applicant is to be licensed as a dealer in, or intends to sell, recreational vehicles. Such policy must be for the license period. Within 10 calendar days after any renewal or continuation of or material change in such policy or issuance of a new policy, the licensee shall deliver to the department, in a manner prescribed by the department, a copy of such renewed, continued, changed, or new policy. However, a garage liability policy is not required for the licensure of a mobile home dealer who sells only park trailers.

The department shall, if it deems necessary, cause an investigation to be made to ascertain if the facts set forth in the application are true and shall not issue a license to the applicant until it is satisfied that the facts set forth in the application are true.

Section 10. Subsections (1) and (2) of section 322.251, Florida Statutes, are amended to read:

322.251 Notice of cancellation, suspension, revocation, or disqualification of license.—

(1) All orders of cancellation, suspension, revocation, or disqualification issued under ~~the provisions of~~ this chapter, chapter 318, or chapter 324 must~~, or ss. 627.732-627.734 shall~~ be given either by personal delivery ~~thereof~~ to the licensee whose license is being canceled, suspended, revoked, or disqualified or by deposit in the United States mail in an envelope, first class, postage prepaid, addressed to the licensee at his or her last known mailing address furnished to the department. Such mailing by the department constitutes notification, and any failure by the person to receive the mailed order will not affect or stay the effective date or term of the cancellation, suspension, revocation, or disqualification of the licensee's driving privilege.

(2) The giving of notice and an order of cancellation, suspension, revocation, or disqualification by mail is complete

upon expiration of 20 days after deposit in the United States mail for all notices except those issued under chapter 324 ~~or ss. 627.732-627.734~~, which are complete 15 days after deposit in the United States mail. Proof of the giving of notice and an order of cancellation, suspension, revocation, or disqualification in either manner must ~~shall~~ be made by entry in the records of the department that such notice was given. The entry is admissible in the courts of this state and constitutes sufficient proof that such notice was given.

Section 11. Paragraph (a) of subsection (8) of section 322.34, Florida Statutes, is amended to read:

322.34 Driving while license suspended, revoked, canceled, or disqualified.—

(8)(a) Upon the arrest of a person for the offense of driving while the person's driver license or driving privilege is suspended or revoked, the arresting officer shall determine:

1. Whether the person's driver license is suspended or revoked, or the person is under suspension or revocation equivalent status.

2. Whether the person's driver license has remained suspended or revoked, or the person has been under suspension or revocation equivalent status, since a conviction for the offense of driving with a suspended or revoked license.

3. Whether the suspension, revocation, or suspension or revocation equivalent status was made under s. 316.646 ~~or s.~~

~~627.733~~, relating to failure to maintain required security, or under s. 322.264, relating to habitual traffic offenders.

4. Whether the driver is the registered owner or co-owner of the vehicle.

Section 12. Section 324.011, Florida Statutes, is amended to read:

324.011 Legislative intent; purpose of chapter.—

(1) It is the intent of the Legislature that this chapter:

(a) Ensure that the privilege of owning or operating a motor vehicle in this state is exercised ~~to recognize the existing privilege to own or operate a motor vehicle on the public streets and highways of this state when such vehicles are used~~ with due consideration for the safety of others and ~~their~~ property.~~, and to~~

(b) Promote safety. ~~and~~

(c) Provide financial security requirements for ~~such~~ owners and ~~or~~ operators whose responsibility it is to recompense others for injury to person or property caused by the operation of a motor vehicle.

(2) The purpose of this chapter is to require every owner or operator of a motor vehicle that is required to be registered in this state to establish, maintain, ~~Therefore, it is required herein that the operator of a motor vehicle involved in a crash or convicted of certain traffic offenses meeting the operative provisions of s. 324.051(2) shall respond for such damages~~ and

show proof of financial ability to respond for damages arising out of the ownership, maintenance, or use of a motor vehicle ~~in future accidents~~ as a requisite to owning or operating a motor vehicle in this state ~~his or her future exercise of such privileges~~.

Section 13. Subsections (1) and (7) and paragraph (c) of subsection (9) of section 324.021, Florida Statutes, are amended, and subsection (12) is added to that section, to read:

324.021 Definitions; minimum insurance required.—The following words and phrases when used in this chapter shall, for the purpose of this chapter, have the meanings respectively ascribed to them in this section, except in those instances where the context clearly indicates a different meaning:

(1) MOTOR VEHICLE.—Every self-propelled vehicle that is designed and required to be licensed for use upon a highway, including trailers and semitrailers designed for use with such vehicles, except traction engines, road rollers, farm tractors, power shovels, and well drillers, and every vehicle that is propelled by electric power obtained from overhead wires but not operated upon rails, but not including any personal delivery device or mobile carrier as defined in s. 316.003, bicycle, electric bicycle, or moped. ~~However, the term "motor vehicle" does not include a motor vehicle as defined in s. 627.732(3) when the owner of such vehicle has complied with the requirements of ss. 627.730-627.7405, inclusive, unless the~~

~~provisions of s. 324.051 apply; and, in such case, the applicable proof of insurance provisions of s. 320.02 apply.~~

(7) PROOF OF FINANCIAL RESPONSIBILITY.—Beginning July 1, 2026, ~~That~~ proof of ability to respond in damages for liability on account of crashes arising out of the ownership, maintenance, or use of a motor vehicle:

(a) With respect to a motor vehicle other than a commercial motor vehicle, nonpublic sector bus, or for-hire passenger transportation vehicle, in the amounts specified in s. 324.022(1). ~~in the amount of $10,000 because of bodily injury to, or death of, one person in any one crash;~~

~~(b) Subject to such limits for one person, in the amount of $20,000 because of bodily injury to, or death of, two or more persons in any one crash;~~

~~(c) In the amount of $10,000 because of injury to, or destruction of, property of others in any one crash; and~~

(b)~~(d)~~ With respect to commercial motor vehicles ~~and nonpublic sector buses~~, in the amounts specified in s. 627.7415 ~~ss. 627.7415 and 627.742, respectively~~.

(c) With respect to nonpublic sector buses, in the amounts specified in s. 627.742.

(d) With respect to for-hire passenger transportation vehicles, in the amounts specified in s. 324.032.

(9) OWNER; OWNER/LESSOR; APPLICATION.—

(c) *Application.*—

1. The limits on liability in subparagraphs (b)2. and 3. do not apply to an owner of motor vehicles that are used for commercial activity in the owner's ordinary course of business, other than a rental company that rents or leases motor vehicles. For purposes of this paragraph, the term "rental company" includes only an entity that is engaged in the business of renting or leasing motor vehicles to the general public and that rents or leases a majority of its motor vehicles to persons with no direct or indirect affiliation with the rental company. The term "rental company" also includes:

a. A related rental or leasing company that is a subsidiary of the same parent company as that of the renting or leasing company that rented or leased the vehicle.

b. The holder of a motor vehicle title or an equity interest in a motor vehicle title if the title or equity interest is held pursuant to or to facilitate an asset-backed securitization of a fleet of motor vehicles used solely in the business of renting or leasing motor vehicles to the general public and under the dominion and control of a rental company, as described in this subparagraph, in the operation of such rental company's business.

2. Furthermore, with respect to commercial motor vehicles as defined in s. 207.002 or s. 320.01(25) ~~s. 627.732~~, the limits on liability in subparagraphs (b)2. and 3. do not apply if, at the time of the incident, the commercial motor vehicle is being

used in the transportation of materials found to be hazardous for the purposes of the Hazardous Materials Transportation Authorization Act of 1994, as amended, 49 U.S.C. ss. 5101 et seq., and that is required pursuant to such act to carry placards warning others of the hazardous cargo, unless at the time of lease or rental either:

a. The lessee indicates in writing that the vehicle will not be used to transport materials found to be hazardous for the purposes of the Hazardous Materials Transportation Authorization Act of 1994, as amended, 49 U.S.C. ss. 5101 et seq.; or

b. The lessee or other operator of the commercial motor vehicle has in effect insurance with limits of at least $5 million ~~$5,000,000~~ combined property damage and bodily injury liability.

3.a. A motor vehicle dealer, or a motor vehicle dealer's leasing or rental affiliate, that provides a temporary replacement vehicle at no charge or at a reasonable daily charge to a service customer whose vehicle is being held for repair, service, or adjustment by the motor vehicle dealer is immune from any cause of action and is not liable, vicariously or directly, under general law solely by reason of being the owner of the temporary replacement vehicle for harm to persons or property that arises out of the use, or operation, of the temporary replacement vehicle by any person during the period the temporary replacement vehicle has been entrusted to the

motor vehicle dealer's service customer if there is no negligence or criminal wrongdoing on the part of the motor vehicle owner, or its leasing or rental affiliate.

b. For purposes of this section, and notwithstanding any other ~~provision of general~~ law, a motor vehicle dealer, or a motor vehicle dealer's leasing or rental affiliate, that gives possession, control, or use of a temporary replacement vehicle to a motor vehicle dealer's service customer may not be adjudged liable in a civil proceeding absent negligence or criminal wrongdoing on the part of the motor vehicle dealer, or the motor vehicle dealer's leasing or rental affiliate, if the motor vehicle dealer or the motor vehicle dealer's leasing or rental affiliate executes a written rental or use agreement and obtains from the person receiving the temporary replacement vehicle a copy of the person's driver license and insurance information reflecting at least the minimum motor vehicle insurance coverage required in the state. Any subsequent determination that the driver license or insurance information provided to the motor vehicle dealer, or the motor vehicle dealer's leasing or rental affiliate, was in any way false, fraudulent, misleading, nonexistent, canceled, not in effect, or invalid does not alter or diminish the protections provided by this section, unless the motor vehicle dealer, or the motor vehicle dealer's leasing or rental affiliate, had actual knowledge thereof at the time possession of the temporary replacement vehicle was provided.

c. For purposes of this subparagraph, the term:

(I) "Control" means the power to direct the management and policies of a person, whether through ownership of voting securities or otherwise.

(II) "Motor vehicle dealer's leasing or rental affiliate" means a person who directly or indirectly controls, is controlled by, or is under common control with the motor vehicle dealer.

d. For purposes of this subparagraph, the term "service customer" does not include an agent or a principal of a motor vehicle dealer or a motor vehicle dealer's leasing or rental affiliate, and does not include an employee of a motor vehicle dealer or a motor vehicle dealer's leasing or rental affiliate unless the employee was provided a temporary replacement vehicle:

(I) While the employee's personal vehicle was being held for repair, service, or adjustment by the motor vehicle dealer;

(II) In the same manner as other customers who are provided a temporary replacement vehicle while the customer's vehicle is being held for repair, service, or adjustment; and

(III) The employee was not acting within the course and scope of his or her employment.

(12) FOR-HIRE PASSENGER TRANSPORTATION VEHICLE.—Every for-hire vehicle as defined in s. 320.01(15) which is offered or used to provide transportation for persons, including taxicabs,

limousines, and jitneys.

Section 14. Section 324.022, Florida Statutes, is amended to read:

324.022 Financial responsibility requirements ~~for property damage~~.—

(1)(a) Beginning July 1, 2026, every owner or operator of a motor vehicle required to be registered in this state shall establish and continuously maintain the ability to respond in damages for liability on account of accidents arising out of the use of the motor vehicle in the amount of:

1. Twenty-five thousand dollars for bodily injury to, or the death of, one person in any one crash and, subject to such limits for one person, in the amount of $50,000 for bodily injury to, or the death of, two or more persons in any one crash; and

2. Ten thousand dollars for ~~$10,000 because of~~ damage to, or destruction of, property of others in any one crash.

(b) The requirements of paragraph (a) ~~this section~~ may be met by one of the methods established in s. 324.031; by self-insuring as authorized by s. 768.28(16); or by maintaining a motor vehicle liability insurance policy that ~~an insurance policy providing coverage for property damage liability in the amount of at least $10,000 because of damage to, or destruction of, property of others in any one accident arising out of the use of the motor vehicle. The requirements of this section may~~

~~also be met by having a policy which~~ provides combined property damage liability and bodily injury liability coverage for any one crash arising out of the ownership, maintenance, or use of a motor vehicle and that conforms to the requirements of s. 324.151 in the amount of at least $60,000 for every owner or operator subject to the financial responsibility required in paragraph (a) ~~$30,000 for combined property damage liability and bodily injury liability for any one crash arising out of the use of the motor vehicle. The policy, with respect to coverage for property damage liability, must meet the applicable requirements of s. 324.151, subject to the usual policy exclusions that have been approved in policy forms by the Office of Insurance Regulation. No insurer shall have any duty to defend uncovered claims irrespective of their joinder with covered claims~~.

(2) As used in this section, the term:

(a) "Motor vehicle" means any self-propelled vehicle that has four or more wheels and that is of a type designed and required to be licensed for use on the highways of this state, and any trailer or semitrailer designed for use with such vehicle. The term does not include the following:

1. A mobile home as defined in s. 320.01(2)(a).

2. A motor vehicle that is used in mass transit and designed to transport more than five passengers, exclusive of the operator of the motor vehicle, and that is owned by a municipality, transit authority, or political subdivision of the

state.

3. A school bus as defined in s. 1006.25, which must maintain security as required under s. 316.615.

4. A commercial motor vehicle as defined in s. 207.002 or s. 320.01(25), which must maintain security as required under ss. 324.031 and 627.7415.

5. A nonpublic sector bus, which must maintain security as required under ss. 324.031 and 627.742.

6.~~4.~~ A ~~vehicle providing~~ for-hire passenger transportation vehicle, which must ~~that is subject to the provisions of s. 324.031. A taxicab shall~~ maintain security as required under s. 324.032 ~~s. 324.032(1)~~.

7.~~5.~~ A personal delivery device as defined in s. 316.003, which must maintain security as required under s. 316.2071(4).

(b) "Owner" means the person who holds legal title to a motor vehicle or the debtor or lessee who has the right to possession of a motor vehicle that is the subject of a security agreement or lease with an option to purchase.

(3) Each nonresident owner or registrant of a motor vehicle that, whether operated or not, has been physically present within this state for more than 90 days during the preceding 365 days shall maintain security as required by subsection (1). The security must be ~~that is~~ in effect continuously throughout the period the motor vehicle remains within this state.

(4) An ~~The~~ owner or registrant of a motor vehicle who is ~~exempt from the requirements of this section if she or he is~~ a member of the United States Armed Forces and is called to or on active duty outside the United States in an emergency situation is exempt from this section while he or she~~. The exemption provided by this subsection applies only as long as the member of the Armed Forces~~ is on such active duty. This exemption ~~outside the United States and~~ applies only while the vehicle covered by the security is not operated by any person. Upon receipt of a written request by the insured to whom the exemption provided in this subsection applies, the insurer shall cancel the coverages and return any unearned premium or suspend the security required by this section. Notwithstanding s. 324.0221(2) ~~s. 324.0221(3)~~, the department may not suspend the registration or operator's license of an ~~any~~ owner or registrant of a motor vehicle during the time she or he qualifies for the ~~an~~ exemption under this subsection. An ~~Any~~ owner or registrant of a motor vehicle who qualifies for the ~~an~~ exemption under this subsection shall immediately notify the department before ~~prior to~~ and at the end of the expiration of the exemption.

Section 15. Subsections (1) and (2) of section 324.0221, Florida Statutes, are amended to read:

324.0221 Reports by insurers to the department; suspension of driver license and vehicle registrations; reinstatement.—

(1)(a) Each insurer that has issued a policy providing

~~personal injury protection coverage or property damage~~ liability coverage shall report the cancellation or nonrenewal thereof to the department within 10 days after the processing date or effective date of each cancellation or nonrenewal. Upon the issuance of a policy providing ~~personal injury protection coverage or property damage~~ liability coverage to a named insured not previously insured by the insurer during that calendar year, the insurer shall report the issuance of the new policy to the department within 10 days. The report must ~~shall~~ be in the form ~~and format~~ and contain any information required by the department and must be provided in a format that is compatible with the data processing capabilities of the department. Failure by an insurer to file proper reports with the department as required by this subsection constitutes a violation of the Florida Insurance Code. These records may ~~shall~~ be used by the department only for enforcement and regulatory purposes, including the generation by the department of data regarding compliance by owners of motor vehicles with the requirements for financial responsibility coverage.

(b) With respect to an insurance policy providing ~~personal injury protection coverage or property damage~~ liability coverage, each insurer shall notify the named insured, or the first-named insured in the case of a commercial fleet policy, in writing that any cancellation or nonrenewal of the policy will be reported by the insurer to the department. The notice must

also inform the named insured that failure to maintain bodily injury liability ~~personal injury protection~~ coverage and property damage liability coverage on a motor vehicle when required by law may result in the loss of registration and driving privileges in this state and inform the named insured of the amount of the reinstatement fees required by this section. This notice is for informational purposes only, and an insurer is not civilly liable for failing to provide this notice.

(2) The department shall suspend, after due notice and an opportunity to be heard, the registration and driver license of any owner or registrant of a motor vehicle for ~~with respect to~~ which security is required under s. 324.022, s. 324.023, s. 324.032, s. 627.7415, or s. 627.742 ~~ss. 324.022 and 627.733~~ upon:

(a) The department's records showing that the owner or registrant of such motor vehicle does ~~did~~ not have the ~~in full force and effect when~~ required security in full force and effect ~~that complies with the requirements of ss. 324.022 and 627.733~~; or

(b) Notification by the insurer to the department, in a form approved by the department, of cancellation or termination of the required security.

Section 16. Section 324.0222, Florida Statutes, is created to read:

324.0222 Application of driver license and registration

suspensions for failure to maintain security; reinstatement.—All suspensions of driver licenses or motor vehicle registrations for failure to maintain security as required by law in effect before July 1, 2026, remain in full force and effect after July 1, 2026. A driver may reinstate a suspended driver license or registration as provided under s. 324.0221.

Section 17. Section 324.023, Florida Statutes, is amended to read:

324.023 Financial responsibility for bodily injury or death.—In addition to any other financial responsibility required by law, every owner or operator of a motor vehicle that is required to be registered in this state, or that is located within this state, and who, regardless of adjudication of guilt, has been found guilty of or entered a plea of guilty or nolo contendere to a charge of driving under the influence under s. 316.193 after October 1, 2007, shall, by one of the methods established in s. 324.031(1)(a) or (b) ~~s. 324.031(1) or (2)~~, establish and maintain the ability to respond in damages for liability on account of accidents arising out of the use of a motor vehicle in the amount of $100,000 because of bodily injury to, or death of, one person in any one crash and, subject to such limits for one person, in the amount of $300,000 because of bodily injury to, or death of, two or more persons in any one crash and in the amount of $50,000 because of property damage in any one crash. If the owner or operator chooses to establish and

maintain such ability by furnishing a certificate of deposit pursuant to s. 324.031(1)(b) ~~s. 324.031(2)~~, such certificate of deposit must be at least $350,000. Such higher limits must be carried for a minimum period of 3 years. If the owner or operator has not been convicted of driving under the influence or a felony traffic offense for a period of 3 years from the date of reinstatement of driving privileges for a violation of s. 316.193, the owner or operator is ~~shall be~~ exempt from this section.

Section 18. Section 324.031, Florida Statutes, is amended to read:

324.031 Manner of proving financial responsibility.—

(1) ~~The owner or operator of a taxicab, limousine, jitney, or any other for-hire passenger transportation vehicle may prove financial responsibility by providing satisfactory evidence of holding a motor vehicle liability policy as defined in s. 324.021(8) or s. 324.151, which policy is issued by an insurance carrier which is a member of the Florida Insurance Guaranty Association.~~ The operator or owner of a motor vehicle other than a for-hire passenger transportation ~~any other~~ vehicle may prove his or her financial responsibility by:

(a)~~(1)~~ Furnishing satisfactory evidence of holding a motor vehicle liability policy as defined in ss. 324.021(8) and 324.151 which provides liability coverage for the motor vehicle being operated;

(b) ~~(2)~~ Furnishing a certificate of self-insurance showing a deposit of cash in accordance with s. 324.161; or

(c) ~~(3)~~ Furnishing a certificate of self-insurance issued by the department in accordance with s. 324.171.

(2) Beginning July 1, 2026, any person~~, including any firm, partnership, association, corporation, or other person, other than a natural person,~~ electing to use the method of proof specified in paragraph (1)(b) ~~subsection (2)~~ shall do both of the following:

(a) Furnish a certificate of deposit equal to the number of vehicles owned times $60,000 ~~$30,000~~, up to a maximum of $240,000. ~~$120,000;~~

(b) ~~In addition, any such person, other than a natural person, shall~~ Maintain insurance providing coverage that meets the requirements of s. 324.151 and has ~~in excess of~~ limits of:

1. At least $125,000 for bodily injury to, or the death of, one person in any one crash and, subject to such limits for one person, in the amount of $250,000 for bodily injury to, or the death of, two or more persons in any one crash; and $50,000 for damage to, or destruction of, property of others in any one crash; or

2. At least $300,000 for combined bodily injury liability and property damage liability for any one crash ~~$10,000/20,000/10,000 or $30,000 combined single limits, and such excess insurance shall provide minimum limits of~~

~~$125,000/250,000/50,000 or $300,000 combined single limits. These increased limits shall not affect the requirements for proving financial responsibility under s. 324.032(1).~~

Section 19. Section 324.032, Florida Statutes, is amended to read:

324.032 ~~Manner of proving~~ Financial responsibility for~~;~~ for-hire passenger transportation vehicles. ~~Notwithstanding the provisions of s. 324.031:~~

(1) An owner or a lessee of a for-hire passenger transportation vehicle that is required to be registered in this state shall establish and continuously maintain the ability to respond in damages for liability on account of accidents arising out of the ownership, maintenance, or use of the for-hire passenger transportation vehicle, in the amount of:

(a) One hundred twenty-five thousand dollars for bodily injury to, or the death of, one person in any one crash and, subject to such limits for one person, in the amount of $250,000 for bodily injury to, or the death of, two or more persons in any one crash; and ~~A person who is either the owner or a lessee required to maintain insurance under s. 627.733(1)(b) and who operates one or more taxicabs, limousines, jitneys, or any other for-hire passenger transportation vehicles may prove financial responsibility by furnishing satisfactory evidence of holding a motor vehicle liability policy, but with minimum limits of $125,000/250,000/50,000.~~

(b) Fifty thousand dollars for damage to, or destruction of, property of others in any one crash ~~A person who is either the owner or a lessee required to maintain insurance under s. 324.021(9)(b) and who operates limousines, jitneys, or any other for-hire passenger vehicles, other than taxicabs, may prove financial responsibility by furnishing satisfactory evidence of holding a motor vehicle liability policy as defined in s. 324.031~~.

(2) Except as provided in subsection (3), the requirements of this section must be met by the owner or lessee providing satisfactory evidence of holding a motor vehicle liability policy conforming to the requirements of s. 324.151 which is issued by an insurance carrier that is a member of the Florida Insurance Guaranty Association.

(3) An owner or a lessee who ~~is required to maintain insurance under s. 324.021(9)(b) and who~~ operates at least 300 ~~taxicabs, limousines, jitneys, or any other~~ for-hire passenger transportation vehicles may provide financial responsibility by complying with ~~the provisions of~~ s. 324.171, which must ~~such compliance to~~ be demonstrated by maintaining at its principal place of business an audited financial statement, prepared in accordance with generally accepted accounting principles, and providing to the department a certification issued by a certified public accountant that the applicant's net worth is at least equal to the requirements of s. 324.171 as determined by

the Office of Insurance Regulation of the Financial Services Commission, including claims liabilities in an amount certified as adequate by a Fellow of the Casualty Actuarial Society.

Upon request by the department, the applicant shall ~~must~~ provide the department at the applicant's principal place of business in this state access to the applicant's underlying financial information and financial statements that provide the basis of the certified public accountant's certification. The applicant shall reimburse the requesting department for all reasonable costs incurred by it in reviewing the supporting information. The maximum amount of self-insurance permissible under this subsection is $300,000 and must be stated on a per-occurrence basis, and the applicant shall maintain adequate excess insurance issued by an authorized or eligible insurer licensed or approved by the Office of Insurance Regulation. All risks self-insured ~~shall~~ remain with the owner or lessee providing it, and the risks are not transferable to any other person, unless a policy complying with subsections (1) and (2) ~~subsection (1)~~ is obtained.

Section 20. Subsection (2) of section 324.051, Florida Statutes, is amended, and subsection (4) is added to that section, to read:

324.051 Reports of crashes; suspensions of licenses and registrations.—

(2)(a) Thirty days after receipt of notice of any accident described in paragraph (1)(a) involving a motor vehicle within this state, the department shall suspend, after due notice and opportunity to be heard, the license of each operator and all registrations of the owner of the vehicles operated by such operator whether or not involved in such crash and, in the case of a nonresident owner or operator, shall suspend such nonresident's operating privilege in this state, unless such operator or owner shall, prior to the expiration of such 30 days, be found by the department to be exempt from the operation of this chapter, based upon evidence satisfactory to the department that:

1. The motor vehicle was legally parked at the time of such crash.

2. The motor vehicle was owned by the United States Government, this state, or any political subdivision of this state or any municipality therein.

3. Such operator or owner has secured a duly acknowledged written agreement providing for release from liability by all parties injured as the result of said crash and has complied with one of the provisions of s. 324.031.

4. Such operator or owner has deposited with the department security to conform with s. 324.061 when applicable and has complied with one of the provisions of s. 324.031.

5. One year has elapsed since such owner or operator was

suspended pursuant to subsection (3), the owner or operator has complied with one of the provisions of s. 324.031, and no bill of complaint of which the department has notice has been filed in a court of competent jurisdiction.

(b) This subsection does ~~shall~~ not apply:

1. To such operator or owner if such operator or owner had in effect at the time of such crash or traffic conviction a motor vehicle ~~an automobile~~ liability policy with respect to all of the registered motor vehicles owned by such operator or owner.

2. To such operator, if not the owner of such motor vehicle, if there was in effect at the time of such crash or traffic conviction a motor vehicle ~~an automobile~~ liability policy or bond with respect to his or her operation of motor vehicles not owned by him or her.

3. To such operator or owner if the liability of such operator or owner for damages resulting from such crash is, in the judgment of the department, covered by any other form of liability insurance or bond.

4. To any person who has obtained from the department a certificate of self-insurance, in accordance with s. 324.171, or to any person operating a motor vehicle for such self-insurer.

A ~~No such~~ policy or bond is not ~~shall be~~ effective under this subsection unless it contains limits of not less than those

specified in s. 324.021(7).

(4) As used in this section, the term "motor vehicle" includes a motorcycle as defined in s. 320.01(26).

Section 21. Section 324.071, Florida Statutes, is amended to read:

324.071 Reinstatement; renewal of license; reinstatement fee.—An ~~Any~~ operator or owner whose license or registration has been suspended pursuant to s. 324.051(2), s. 324.072, s. 324.081, or s. 324.121 may effect its reinstatement upon compliance with ~~the provisions of~~ s. 324.051(2)(a)3. or 4., or s. 324.081(2) and (3), as the case may be, and with one of the provisions of s. 324.031 and upon payment to the department of a nonrefundable reinstatement fee of $15. Only one such fee may ~~shall~~ be paid by any one person regardless ~~irrespective~~ of the number of licenses and registrations to be then reinstated or issued to such person. ~~All~~ Such fees must ~~shall~~ be deposited in ~~to~~ a department trust fund. If ~~When~~ the reinstatement of any license or registration is effected by compliance with s. 324.051(2)(a)3. or 4., the department may ~~shall~~ not renew the license or registration within ~~a period of~~ 3 years after ~~from~~ such reinstatement, and no ~~nor shall any~~ other license or registration may be issued in the name of such person, unless the operator continues ~~is continuing~~ to comply with ~~one of the provisions of~~ s. 324.031.

Section 22. Subsection (1) of section 324.091, Florida

Statutes, is amended to read:

324.091 Notice to department; notice to insurer.—

(1) Each owner and operator involved in a crash or conviction case within the purview of this chapter shall furnish evidence of ~~automobile liability insurance or~~ motor vehicle liability insurance within 14 days after the date of the mailing of notice of crash by the department in the form and manner as it may designate. Upon receipt of evidence that a ~~an automobile liability policy or~~ motor vehicle liability policy was in effect at the time of the crash or conviction case, the department shall forward to the insurer such information for verification in a method as determined by the department. The insurer shall respond to the department within 20 days after the notice as to whether ~~or not~~ such information is valid. If the department determines that a ~~an automobile liability policy or~~ motor vehicle liability policy was not in effect and did not provide coverage for both the owner and the operator, it must ~~shall~~ take action as it is authorized to do under this chapter.

Section 23. Section 324.151, Florida Statutes, is amended to read:

324.151 Motor vehicle liability policies; required provisions.—

(1) A motor vehicle liability policy that serves as ~~to be~~ proof of financial responsibility under s. 324.031(1)(a) must ~~s. 324.031(1) shall~~ be issued to owners or operators of motor

vehicles under the following provisions:

(a) A motor vehicle ~~An owner's~~ liability insurance policy issued to an owner of a motor vehicle required to be registered in this state must designate by explicit description or by appropriate reference all motor vehicles for ~~with respect to~~ which coverage is thereby granted. The policy~~,~~ must insure the person or persons ~~owner~~ named therein~~,~~ and, unless ~~except for a named driver~~ excluded under s. 627.747, ~~must insure~~ any resident relative of a named insured ~~other person as operator using such motor vehicle or motor vehicles with the express or implied permission of such owner against loss~~ from the liability imposed by law for damage arising out of the ownership, maintenance, or use of any ~~such~~ motor vehicle ~~or motor vehicles within the United States or the Dominion of Canada, subject to limits, exclusive of interest and costs with respect to each such motor vehicle as is provided for under s. 324.021(7)~~. The policy must also insure any person operating an insured motor vehicle with the express or implied permission of a named insured against loss from the liability imposed by law for damage arising out of the use of any motor vehicle, unless that person was excluded under s. 627.747. However, the insurer may include provisions in its policy excluding liability coverage for a motor vehicle not designated as an insured vehicle on the policy if such motor vehicle does not qualify as a newly acquired vehicle or as a temporary substitute vehicle and was owned by the insured or was

furnished for an insured's regular use for more than 30 consecutive days before the event giving rise to the claim. Insurers may make available, with respect to property damage liability coverage, a deductible amount not to exceed $500. In the event of a property damage loss covered by a policy containing a property damage deductible provision, the insurer shall pay to the third-party claimant the amount of any property damage liability settlement or judgment, subject to policy limits, as if no deductible existed.

(b) A motor vehicle liability insurance policy issued to a person who does not own a ~~An operator's~~ motor vehicle must ~~liability policy of insurance shall~~ insure the person or persons named therein against loss from the liability imposed ~~upon him or her~~ by law for damages arising out of the use ~~by the person~~ of any motor vehicle not owned by him or her~~, with the same territorial limits and subject to the same limits of liability as referred to above with respect to an owner's policy of liability insurance~~.

(c) All such motor vehicle liability policies must provide liability coverage with limits, exclusive of interest and costs, greater than or equal to the limits specified under s. 324.021(7) for accidents occurring within the United States and Canada. The policies must ~~shall~~ state the name and address of the named insured, the coverage afforded by the policy, the premium charged therefor, the policy period, and the limits of

liability, and must ~~shall~~ contain an agreement or be endorsed that insurance is provided in accordance with the coverage defined in this chapter ~~as respects bodily injury and death or property damage or both~~ and is subject to ~~all provisions of~~ this chapter. The ~~Said~~ policies must ~~shall~~ also contain a provision that the satisfaction by an insured of a judgment for such injury or damage may ~~shall~~ not be a condition precedent to the right or duty of the insurance carrier to make payment on account of such injury or damage, and must ~~shall~~ also contain a provision that bankruptcy or insolvency of the insured or of the insured's estate does ~~shall~~ not relieve the insurance carrier of any of its obligations under the ~~said~~ policy.

(2) ~~The provisions of~~ This section is ~~shall~~ not ~~be~~ applicable to any motor vehicle ~~automobile~~ liability policy unless and until it is furnished as proof of financial responsibility for the future pursuant to s. 324.031, and then applies only from and after the date the ~~said~~ policy is so furnished.

(3) As used in this section, the term:

(a) "Newly acquired vehicle" means a vehicle owned by a named insured or resident relative of the named insured which was acquired no more than 30 days before an accident.

(b) "Resident relative" means a person related to a named insured by any degree by blood, marriage, or adoption, including a ward or foster child, who makes his or her home in the same

family unit or residence as the named insured, regardless of whether he or she temporarily lives elsewhere.

(c) "Temporary substitute vehicle" means any motor vehicle that is not owned by the named insured and that is temporarily used with the permission of the owner as a substitute for the owned motor vehicle designated on the policy when the owned vehicle is withdrawn from normal use because of breakdown, repair, servicing, loss, or destruction.

Section 24. Section 324.161, Florida Statutes, is amended to read:

324.161 Proof of financial responsibility; deposit.—If a person elects to prove his or her financial responsibility under the method of proof specified in s. 324.031(1)(b), he or she annually must obtain and submit to the department proof of a certificate of deposit in the amount required under s. 324.031(2) from a financial institution insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration ~~Annually, before any certificate of insurance may be issued to a person, including any firm, partnership, association, corporation, or other person, other than a natural person, proof of a certificate of deposit of $30,000 issued and held by a financial institution must be submitted to the department~~. A power of attorney will be issued to and held by the department, and may be executed upon a judgment issued against such person making the deposit, for damages for ~~because~~

~~of~~ bodily injury to or death of any person or for damages for ~~because of~~ injury to or destruction of property resulting from the use or operation of any motor vehicle occurring after such deposit was made. Money so deposited is ~~shall~~ not ~~be~~ subject to attachment or execution unless such attachment or execution arises ~~shall arise~~ out of a lawsuit ~~suit~~ for such damages ~~as aforesaid~~.

Section 25. Subsections (1) and (2) of section 324.171, Florida Statutes, are amended to read:

324.171 Self-insurer.—

(1) A ~~Any~~ person may qualify as a self-insurer by obtaining a certificate of self-insurance from the department. ~~which may, in its discretion and~~ Upon application of such ~~a~~ person, the department may issue a ~~said~~ certificate of self-insurance to an applicant who satisfies ~~when such person has satisfied~~ the requirements of this section. Effective July 1, 2026 ~~to qualify as a self-insurer under this section~~:

(a) A private individual with private passenger vehicles shall possess a net unencumbered worth of at least $100,000 ~~$40,000~~.

(b) A person, including any firm, partnership, association, corporation, or other person, other than a natural person, shall:

1. Possess a net unencumbered worth of at least $100,000 ~~$40,000~~ for the first motor vehicle and $50,000 ~~$20,000~~ for each

additional motor vehicle; or

2. Maintain sufficient net worth, in an amount determined by the department, to be financially responsible for potential losses. The department annually shall determine the minimum net worth sufficient to satisfy this subparagraph ~~as determined annually by the department,~~ pursuant to rules adopted ~~promulgated~~ by the department, with the assistance of the Office of Insurance Regulation of the Financial Services Commission~~, to be financially responsible for potential losses~~. The rules must consider any ~~shall take into consideration~~ excess insurance carried by the applicant. The department's determination must ~~shall~~ be based upon reasonable actuarial principles considering the frequency, severity, and loss development of claims incurred by casualty insurers writing coverage on the type of motor vehicles for which a certificate of self-insurance is desired.

(c) The owner of a commercial motor vehicle, as defined in s. 207.002 or s. 320.01(25) ~~s. 320.01~~, may qualify as a self-insurer subject to the standards provided ~~for~~ in subparagraph (b)2.

(2) The self-insurance certificate must ~~shall~~ provide limits of liability insurance in the amounts specified under s. 324.021(7) ~~or s. 627.7415 and shall provide personal injury protection coverage under s. 627.733(3)(b)~~.

Section 26. Subsections (1) and (3) of section 324.242, Florida Statutes, are amended to read:

324.242 ~~Personal injury protection and property damage~~ Liability insurance policies; public records exemption.—

(1) The following information regarding motor vehicle ~~personal injury protection and property damage~~ liability insurance policies held by the department is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution:

(a) Personal identifying information of an insured or former insured; and

(b) An insurance policy number.

(3) The department shall provide motor vehicle ~~personal injury protection and property damage~~ liability insurance policy numbers to department-approved third parties that provide data collection services to an insurer of any person involved in such accident.

Section 27. Section 324.251, Florida Statutes, is amended to read:

324.251 Short title.—This chapter may be cited as the "Financial Responsibility Law of 2025 ~~1955~~" and is ~~shall become~~ effective at 12:01 a.m., July 1, 2026 ~~October 1, 1955~~.

Section 28. Subsection (4) of section 400.9905, Florida Statutes, is amended to read:

400.9905 Definitions.—

(4)(a) "Clinic" means an entity where health care services are provided to individuals and which tenders charges for

reimbursement for such services, including a mobile clinic and a portable equipment provider. As used in this part, the term does not include and the licensure requirements of this part do not apply to:

1.~~(a)~~ Entities licensed or registered by the state under chapter 395; entities licensed or registered by the state and providing only health care services within the scope of services authorized under their respective licenses under ss. 383.30-383.332, chapter 390, chapter 394, chapter 397, this chapter except part X, chapter 429, chapter 463, chapter 465, chapter 466, chapter 478, chapter 484, or chapter 651; end-stage renal disease providers authorized under 42 C.F.R. part 494; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 485, subpart B, subpart H, or subpart J; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 486, subpart C; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 491, subpart A; providers certified by the Centers for Medicare and Medicaid Services under the federal Clinical Laboratory Improvement Amendments and the federal rules adopted thereunder; or any entity that provides neonatal or pediatric hospital-based health care

services or other health care services by licensed practitioners solely within a hospital licensed under chapter 395.

2. ~~(b)~~ Entities that own, directly or indirectly, entities licensed or registered by the state pursuant to chapter 395; entities that own, directly or indirectly, entities licensed or registered by the state and providing only health care services within the scope of services authorized pursuant to their respective licenses under ss. 383.30-383.332, chapter 390, chapter 394, chapter 397, this chapter except part X, chapter 429, chapter 463, chapter 465, chapter 466, chapter 478, chapter 484, or chapter 651; end-stage renal disease providers authorized under 42 C.F.R. part 494; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 485, subpart B, subpart H, or subpart J; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 486, subpart C; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 491, subpart A; providers certified by the Centers for Medicare and Medicaid Services under the federal Clinical Laboratory Improvement Amendments and the federal rules adopted thereunder; or any entity that provides neonatal or pediatric hospital-based health care

services by licensed practitioners solely within a hospital licensed under chapter 395.

3.~~(c)~~ Entities that are owned, directly or indirectly, by an entity licensed or registered by the state pursuant to chapter 395; entities that are owned, directly or indirectly, by an entity licensed or registered by the state and providing only health care services within the scope of services authorized pursuant to their respective licenses under ss. 383.30-383.332, chapter 390, chapter 394, chapter 397, this chapter except part X, chapter 429, chapter 463, chapter 465, chapter 466, chapter 478, chapter 484, or chapter 651; end-stage renal disease providers authorized under 42 C.F.R. part 494; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 485, subpart B, subpart H, or subpart J; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 486, subpart C; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 491, subpart A; providers certified by the Centers for Medicare and Medicaid Services under the federal Clinical Laboratory Improvement Amendments and the federal rules adopted thereunder; or any entity that provides neonatal or pediatric hospital-based health care

services by licensed practitioners solely within a hospital under chapter 395.

4.~~(d)~~ Entities that are under common ownership, directly or indirectly, with an entity licensed or registered by the state pursuant to chapter 395; entities that are under common ownership, directly or indirectly, with an entity licensed or registered by the state and providing only health care services within the scope of services authorized pursuant to their respective licenses under ss. 383.30-383.332, chapter 390, chapter 394, chapter 397, this chapter except part X, chapter 429, chapter 463, chapter 465, chapter 466, chapter 478, chapter 484, or chapter 651; end-stage renal disease providers authorized under 42 C.F.R. part 494; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 485, subpart B, subpart H, or subpart J; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 486, subpart C; providers certified and providing only health care services within the scope of services authorized under their respective certifications under 42 C.F.R. part 491, subpart A; providers certified by the Centers for Medicare and Medicaid Services under the federal Clinical Laboratory Improvement Amendments and the federal rules adopted thereunder; or any entity that

provides neonatal or pediatric hospital-based health care services by licensed practitioners solely within a hospital licensed under chapter 395.

5.~~(c)~~ An entity that is exempt from federal taxation under 26 U.S.C. s. 501(c)(3) or (4), an employee stock ownership plan under 26 U.S.C. s. 409 that has a board of trustees at least two-thirds of which are Florida-licensed health care practitioners and provides only physical therapy services under physician orders, any community college or university clinic, and any entity owned or operated by the federal or state government, including agencies, subdivisions, or municipalities thereof.

6.~~(f)~~ A sole proprietorship, group practice, partnership, or corporation that provides health care services by physicians covered by s. 627.419, that is directly supervised by one or more of such physicians, and that is wholly owned by one or more of those physicians or by a physician and the spouse, parent, child, or sibling of that physician.

7.~~(g)~~ A sole proprietorship, group practice, partnership, or corporation that provides health care services by licensed health care practitioners under chapter 457, chapter 458, chapter 459, chapter 460, chapter 461, chapter 462, chapter 463, chapter 466, chapter 467, chapter 480, chapter 484, chapter 486, chapter 490, chapter 491, or part I, part III, part X, part XIII, or part XIV of chapter 468, or s. 464.012, and that is

wholly owned by one or more licensed health care practitioners, or the licensed health care practitioners set forth in this subparagraph ~~paragraph~~ and the spouse, parent, child, or sibling of a licensed health care practitioner if one of the owners who is a licensed health care practitioner is supervising the business activities and is legally responsible for the entity's compliance with all federal and state laws. However, a health care practitioner may not supervise services beyond the scope of the practitioner's license, except that, for the purposes of this part, a clinic owned by a licensee in s. 456.053(3)(b) which provides only services authorized pursuant to s. 456.053(3)(b) may be supervised by a licensee specified in s. 456.053(3)(b).

8.~~(h)~~ Clinical facilities affiliated with an accredited medical school at which training is provided for medical students, residents, or fellows.

9.~~(i)~~ Entities that provide only oncology or radiation therapy services by physicians licensed under chapter 458 or chapter 459 or entities that provide oncology or radiation therapy services by physicians licensed under chapter 458 or chapter 459 which are owned by a corporation whose shares are publicly traded on a recognized stock exchange.

10.~~(j)~~ Clinical facilities affiliated with a college of chiropractic accredited by the Council on Chiropractic Education at which training is provided for chiropractic students.

11.~~(k)~~ Entities that provide licensed practitioners to staff emergency departments or to deliver anesthesia services in facilities licensed under chapter 395 and that derive at least 90 percent of their gross annual revenues from the provision of such services. Entities claiming an exemption from licensure under this subparagraph ~~paragraph~~ must provide documentation demonstrating compliance.

12.~~(l)~~ Orthotic, prosthetic, pediatric cardiology, or perinatology clinical facilities or anesthesia clinical facilities that are not otherwise exempt under subparagraph 1. or subparagraph 11. ~~paragraph (a) or paragraph (k)~~ and that are a publicly traded corporation or are wholly owned, directly or indirectly, by a publicly traded corporation. As used in this subparagraph ~~paragraph~~, a publicly traded corporation is a corporation that issues securities traded on an exchange registered with the United States Securities and Exchange Commission as a national securities exchange.

13.~~(m)~~ Entities that are owned by a corporation that has $250 million or more in total annual sales of health care services provided by licensed health care practitioners where one or more of the persons responsible for the operations of the entity is a health care practitioner who is licensed in this state and who is responsible for supervising the business activities of the entity and is responsible for the entity's compliance with state law for purposes of this part.

14. ~~(n)~~ Entities that employ 50 or more licensed health care practitioners licensed under chapter 458 or chapter 459 where the billing for medical services is under a single tax identification number. The application for exemption under this subsection must include ~~shall contain information that includes:~~ the name, residence, and business address and telephone ~~phone~~ number of the entity that owns the practice; a complete list of the names and contact information of all the officers and directors of the corporation; the name, residence address, business address, and medical license number of each licensed Florida health care practitioner employed by the entity; the corporate tax identification number of the entity seeking an exemption; a listing of health care services to be provided by the entity at the health care clinics owned or operated by the entity; and a certified statement prepared by an independent certified public accountant which states that the entity and the health care clinics owned or operated by the entity have not received payment for health care services under medical payments ~~personal injury protection insurance~~ coverage for the preceding year. If the agency determines that an entity that ~~which~~ is exempt under this subsection has received payments for medical services under medical payments ~~personal injury protection insurance~~ coverage, the agency may deny or revoke the exemption from licensure under this subsection.

15. ~~(o)~~ Entities that are, directly or indirectly, under

the common ownership of or that are subject to common control by a mutual insurance holding company, as defined in s. 628.703, with an entity issued a certificate of authority under chapter 624 or chapter 641 which has $1 billion or more in total annual sales in this state.

16.~~(p)~~ Entities that are owned by an entity that is a behavioral health care service provider in at least five other states; that, together with its affiliates, have $90 million or more in total annual revenues associated with the provision of behavioral health care services; and wherein one or more of the persons responsible for the operations of the entity is a health care practitioner who is licensed in this state, who is responsible for supervising the business activities of the entity, and who is responsible for the entity's compliance with state law for purposes of this part.

17.~~(q)~~ Medicaid providers.

(b) Notwithstanding paragraph (a) ~~this subsection~~, an entity shall be deemed a clinic and must be licensed under this part in order to receive medical payments coverage reimbursement unless the entity is:

1. Wholly owned by a physician licensed under chapter 458 or chapter 459 or by the physician and the spouse, parent, child, or sibling of the physician;

2. Wholly owned by a dentist licensed under chapter 466 or by the dentist and the spouse, parent, child, or sibling of the

dentist;

3. Wholly owned by a chiropractic physician licensed under chapter 460 or by the chiropractic physician and the spouse, parent, child, or sibling of the chiropractic physician;

4. A hospital or an ambulatory surgical center licensed under chapter 395;

5. An entity that wholly owns or is wholly owned, directly or indirectly, by a hospital or hospitals licensed under chapter 395;

6. A clinical facility affiliated with an accredited medical school at which training is provided for medical students, residents, or fellows;

7. Certified under 42 C.F.R. part 485, subpart H; or

8. Owned by a publicly traded corporation, either directly or indirectly through its subsidiaries, which has $250 million or more in total annual sales of health care services provided by licensed health care practitioners, if one or more of the persons responsible for the operations of the entity are health care practitioners who are licensed in this state and who are responsible for supervising the business activities of the entity and the entity's compliance with state law for purposes of this subsection ~~under the Florida Motor Vehicle No-Fault Law, ss. 627.730-627.7405, unless exempted under s. 627.736(5)(h)~~.

Section 29. Subsection (5) of section 400.991, Florida Statutes, is amended to read:

400.991 License requirements; background screenings; prohibitions.—

(5) All agency forms for licensure application or exemption from licensure under this part must contain the following statement:

INSURANCE FRAUD NOTICE.—A person commits a fraudulent insurance act, as defined in s. 626.989, Florida Statutes, if the person ~~who~~ knowingly submits a false, misleading, or fraudulent application or other document when applying for licensure as a health care clinic, seeking an exemption from licensure as a health care clinic, or demonstrating compliance with part X of chapter 400, Florida Statutes, with the intent to use the license, exemption from licensure, or demonstration of compliance to provide services or seek reimbursement under a motor vehicle liability insurance policy's medical payments coverage ~~the Florida Motor Vehicle No-Fault Law, commits a fraudulent insurance act, as defined in s. 626.989, Florida Statutes~~. A person who presents a claim for benefits under medical payments coverage ~~personal injury protection benefits~~ knowing that the payee knowingly submitted such health care clinic application or document commits insurance fraud, as

defined in s. 817.234, Florida Statutes.

Section 30. Paragraph (g) of subsection (1) of section 400.9935, Florida Statutes, is amended to read:

400.9935 Clinic responsibilities.—

(1) Each clinic shall appoint a medical director or clinic director who shall agree in writing to accept legal responsibility for the following activities on behalf of the clinic. The medical director or the clinic director shall:

(g) Conduct systematic reviews of clinic billings to ensure that the billings are not fraudulent or unlawful. Upon discovery of an unlawful charge, the medical director or clinic director shall take immediate corrective action. If the clinic performs only the technical component of magnetic resonance imaging, static radiographs, computed tomography, or positron emission tomography, and provides the professional interpretation of such services, in a fixed facility that is accredited by a national accrediting organization that is approved by the Centers for Medicare and Medicaid Services for magnetic resonance imaging and advanced diagnostic imaging services and if, in the preceding quarter, the percentage of scans performed by that clinic which was billed to motor vehicle ~~all personal injury protection~~ insurance carriers under medical payments coverage was less than 15 percent, the chief financial officer of the clinic may, in a written acknowledgment provided to the agency, assume the responsibility for the conduct of the

systematic reviews of clinic billings to ensure that the billings are not fraudulent or unlawful.

Section 31. Subsection (28) of section 409.901, Florida Statutes, is amended to read:

409.901 Definitions; ss. 409.901-409.920.—As used in ss. 409.901-409.920, except as otherwise specifically provided, the term:

(28) "Third-party benefit" means any benefit that is or may be available at any time through contract, court award, judgment, settlement, agreement, or any arrangement between a third party and any person or entity, including, without limitation, a Medicaid recipient, a provider, another third party, an insurer, or the agency, for any Medicaid-covered injury, illness, goods, or services, including costs of medical services related thereto, for bodily ~~personal~~ injury or for death of the recipient, but specifically excluding ~~policies of~~ life insurance policies on the recipient, unless available under terms of the policy to pay medical expenses before ~~prior to~~ death. The term includes, without limitation, collateral, as defined in this section;~~,~~ health insurance;~~,~~ any benefit under a health maintenance organization, a preferred provider arrangement, a prepaid health clinic, liability insurance, uninsured motorist insurance, or medical payments coverage; ~~or personal injury protection coverage,~~ medical benefits under workers' compensation;~~,~~ and any obligation under law or equity

to provide medical support.

Section 32. Paragraph (f) of subsection (11) of section 409.910, Florida Statutes, is amended to read:

409.910 Responsibility for payments on behalf of Medicaid-eligible persons when other parties are liable.—

(11) The agency may, as a matter of right, in order to enforce its rights under this section, institute, intervene in, or join any legal or administrative proceeding in its own name in one or more of the following capacities: individually, as subrogee of the recipient, as assignee of the recipient, or as lienholder of the collateral.

(f) Notwithstanding any provision in this section to the contrary, in the event of an action in tort against a third party in which the recipient or his or her legal representative is a party which results in a judgment, award, or settlement from a third party, the amount recovered shall be distributed as follows:

1. After attorney ~~attorney's~~ fees and taxable costs as defined by the Florida Rules of Civil Procedure, one-half of the remaining recovery shall be paid to the agency up to the total amount of medical assistance provided by Medicaid.

2. The remaining amount of the recovery shall be paid to the recipient.

3. For purposes of calculating the agency's recovery of medical assistance benefits paid, the fee for services of an

attorney retained by the recipient or his or her legal representative shall be calculated at 25 percent of the judgment, award, or settlement.

4. Notwithstanding any other provision of this section to the contrary, the agency is ~~shall be~~ entitled to all medical coverage benefits up to the total amount of medical assistance provided by Medicaid. For purposes of this paragraph, the term "medical coverage" means any benefits under health insurance, a health maintenance organization, a preferred provider arrangement, or a prepaid health clinic, and the portion of benefits designated for medical payments under ~~coverage for~~ workers' compensation coverage, motor vehicle insurance coverage, ~~personal injury protection,~~ and casualty coverage.

Section 33. Paragraph (k) of subsection (2) of section 456.057, Florida Statutes, is amended to read:

456.057 Ownership and control of patient records; report or copies of records to be furnished; disclosure of information.—

(2) As used in this section, the terms "records owner," "health care practitioner," and "health care practitioner's employer" do not include any of the following persons or entities; furthermore, the following persons or entities are not authorized to acquire or own medical records, but are authorized under the confidentiality and disclosure requirements of this section to maintain those documents required by the part or

chapter under which they are licensed or regulated:

~~(k) Persons or entities practicing under s. 627.736(7).~~

Section 34. Paragraphs (ee) and (ff) of subsection (1) of section 456.072, Florida Statutes, are amended to read:

456.072 Grounds for discipline; penalties; enforcement.—

(1) The following acts shall constitute grounds for which the disciplinary actions specified in subsection (2) may be taken:

(ee) With respect to making a medical payments coverage ~~personal injury protection~~ claim ~~as required by s. 627.736~~, intentionally submitting a claim, statement, or bill that has been upcoded. As used in this paragraph, the term "upcode" means to submit a billing code that would result in a greater payment amount than would be paid using a billing code that accurately describes the services performed. The term does not include an otherwise lawful bill by a magnetic resonance imaging facility which globally combines both technical and professional components, if the amount of the global bill is not more than the components if billed separately; however, payment of such a bill constitutes payment in full for all components of such service ~~"upcoded" as defined in s. 627.732~~.

(ff) With respect to making a medical payments coverage ~~personal injury protection~~ claim ~~as required by s. 627.736~~, intentionally submitting a claim, statement, or bill for payment of services that were not rendered.

Section 35. Paragraphs (i) and (o) of subsection (1) of section 626.9541, Florida Statutes, are amended to read:

626.9541 Unfair methods of competition and unfair or deceptive acts or practices defined.—

(1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE ACTS.—The following are defined as unfair methods of competition and unfair or deceptive acts or practices:

(i) *Unfair claim settlement practices.*—

1. Attempting to settle claims on the basis of an application, when serving as a binder or intended to become a part of the policy, or any other material document which was altered without notice to, or knowledge or consent of, the insured;

2. Making a material misrepresentation ~~made~~ to an insured or any other person having an interest in the proceeds payable under such contract or policy, for the purpose and with the intent of effecting settlement of such claims, loss, or damage under such contract or policy on less favorable terms than those provided in, and contemplated by, such contract or policy;

3. Committing or performing with such frequency as to indicate a general business practice any of the following:

a. Failing to adopt and implement standards for the proper investigation of claims;

b. Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;

c. Failing to acknowledge and act promptly upon communications with respect to claims;

d. Denying claims without conducting reasonable investigations based upon available information;

e. Failing to affirm or deny full or partial coverage of claims, and, as to partial coverage, the dollar amount or extent of coverage, or failing to provide a written statement that the claim is being investigated, upon the written request of the insured within 30 days after proof-of-loss statements have been completed;

f. Failing to promptly provide a reasonable explanation in writing to the insured of the basis in the insurance policy, in relation to the facts or applicable law, for denial of a claim or for the offer of a compromise settlement;

g. Failing to promptly notify the insured of any additional information necessary for the processing of a claim;

h. Failing to clearly explain the nature of the requested information and the reasons why such information is necessary; or

i. ~~Failing to pay personal injury protection insurance claims within the time periods required by s. 627.736(4)(b). The office may order the insurer to pay restitution to a policyholder, medical provider, or other claimant, including interest at a rate consistent with the amount set forth in s. 55.03(1), for the time period within which an insurer fails to~~

~~pay claims as required by law. Restitution is in addition to any other penalties allowed by law, including, but not limited to, the suspension of the insurer's certificate of authority; or~~

~~j.~~ Altering or amending an insurance adjuster's report without:

(I) Providing a detailed explanation as to why any change that has the effect of reducing the estimate of the loss was made; and

(II) Including on the report or as an addendum to the report a detailed list of all changes made to the report and the identity of the person who ordered each change; or

(III) Retaining all versions of the report, and including within each such version, for each change made within such version of the report, the identity of each person who made or ordered such change; or

4. Failing to pay undisputed amounts of partial or full benefits owed under first-party property insurance policies within 60 days after an insurer receives notice of a residential property insurance claim, determines the amounts of partial or full benefits, and agrees to coverage, unless payment of the undisputed benefits is prevented by factors beyond the control of the insurer as defined in s. 627.70131(5).

(o) *Illegal dealings in premiums; excess or reduced charges for insurance.*—

1. Knowingly collecting any sum as a premium or charge for

insurance, which is not then provided, or is not in due course to be provided, subject to acceptance of the risk by the insurer, by an insurance policy issued by an insurer as permitted by this code.

2. Knowingly collecting as a premium or charge for insurance any sum in excess of or less than the premium or charge applicable to such insurance, in accordance with the applicable classifications and rates as filed with and approved by the office, and as specified in the policy; or, in cases when classifications, premiums, or rates are not required by this code to be so filed and approved, premiums and charges collected from a Florida resident in excess of or less than those specified in the policy and as fixed by the insurer. Notwithstanding any other provision of law, this provision shall not be deemed to prohibit the charging and collection, by surplus lines agents licensed under part VIII of this chapter, of the amount of applicable state and federal taxes, or fees as authorized by s. 626.916(4), in addition to the premium required by the insurer or the charging and collection, by licensed agents, of the exact amount of any discount or other such fee charged by a credit card facility in connection with the use of a credit card, as authorized by subparagraph (q)3., in addition to the premium required by the insurer. This subparagraph shall not be construed to prohibit collection of a premium for a universal life or a variable or indeterminate value insurance

policy made in accordance with the terms of the contract.

3.a. Imposing or requesting an additional premium for bodily injury liability coverage, property damage liability coverage ~~a policy of motor vehicle liability, personal injury protection~~, medical payments coverage ~~payment~~, or collision coverage in a motor vehicle liability insurance policy ~~insurance or any combination thereof~~ or refusing to renew the policy solely because the insured was involved in a motor vehicle accident unless the insurer's file contains information from which the insurer in good faith determines that the insured was substantially at fault in the accident.

b. An insurer which imposes and collects such a surcharge or which refuses to renew such policy shall, in conjunction with the notice of premium due or notice of nonrenewal, notify the named insured that he or she is entitled to reimbursement of such amount or renewal of the policy under the conditions listed below and will subsequently reimburse him or her or renew the policy, if the named insured demonstrates that the operator involved in the accident was:

(I) Lawfully parked;

(II) Reimbursed by, or on behalf of, a person responsible for the accident or has a judgment against such person;

(III) Struck in the rear by another vehicle headed in the same direction and was not convicted of a moving traffic violation in connection with the accident;

(IV) Hit by a "hit-and-run" driver, if the accident was reported to the proper authorities within 24 hours after discovering the accident;

(V) Not convicted of a moving traffic violation in connection with the accident, but the operator of the other automobile involved in such accident was convicted of a moving traffic violation;

(VI) Finally adjudicated not to be liable by a court of competent jurisdiction;

(VII) In receipt of a traffic citation which was dismissed or nolle prossed; or

(VIII) Not at fault as evidenced by a written statement from the insured establishing facts demonstrating lack of fault which are not rebutted by information in the insurer's file from which the insurer in good faith determines that the insured was substantially at fault.

c. In addition to the other provisions of this subparagraph, an insurer may not fail to renew a policy if the insured has had only one accident in which he or she was at fault within the current 3-year period. However, an insurer may nonrenew a policy for reasons other than accidents in accordance with s. 627.728. This subparagraph does not prohibit nonrenewal of a policy under which the insured has had three or more accidents, regardless of fault, during the most recent 3-year period.

4. Imposing or requesting an additional premium for, or refusing to renew, a policy for motor vehicle insurance solely because the insured committed a noncriminal traffic infraction as described in s. 318.14 unless the infraction is:

a. A second infraction committed within an 18-month period, or a third or subsequent infraction committed within a 36-month period.

b. A violation of s. 316.183, when such violation is a result of exceeding the lawful speed limit by more than 15 miles per hour.

5. Upon the request of the insured, the insurer and licensed agent shall supply to the insured the complete proof of fault or other criteria which justifies the additional charge or cancellation.

6. No insurer shall impose or request an additional premium for motor vehicle insurance, cancel or refuse to issue a policy, or refuse to renew a policy because the insured or the applicant is a handicapped or physically disabled person, so long as such handicap or physical disability does not substantially impair such person's mechanically assisted driving ability.

7. No insurer may cancel or otherwise terminate any insurance contract or coverage, or require execution of a consent to rate endorsement, during the stated policy term for the purpose of offering to issue, or issuing, a similar or

identical contract or coverage to the same insured with the same exposure at a higher premium rate or continuing an existing contract or coverage with the same exposure at an increased premium.

8. No insurer may issue a nonrenewal notice on any insurance contract or coverage, or require execution of a consent to rate endorsement, for the purpose of offering to issue, or issuing, a similar or identical contract or coverage to the same insured at a higher premium rate or continuing an existing contract or coverage at an increased premium without meeting any applicable notice requirements.

9. No insurer shall, with respect to premiums charged for motor vehicle insurance, unfairly discriminate solely on the basis of age, sex, marital status, or scholastic achievement.

10. Imposing or requesting an additional premium for motor vehicle comprehensive or uninsured motorist coverage solely because the insured was involved in a motor vehicle accident or was convicted of a moving traffic violation.

11. No insurer shall cancel or issue a nonrenewal notice on any insurance policy or contract without complying with any applicable cancellation or nonrenewal provision required under the Florida Insurance Code.

12. No insurer shall impose or request an additional premium, cancel a policy, or issue a nonrenewal notice on any insurance policy or contract because of any traffic infraction

when adjudication has been withheld and no points have been assessed pursuant to s. 318.14(9) and (10). However, this subparagraph does not apply to traffic infractions involving accidents in which the insurer has incurred a loss due to the fault of the insured.

Section 36. Paragraph (a) of subsection (1) of section 626.989, Florida Statutes, is amended to read:

626.989 Investigation by department or Division of Investigative and Forensic Services; compliance; immunity; confidential information; reports to division; division investigator's power of arrest.—

(1) For the purposes of this section:

(a) A person commits a "fraudulent insurance act" if the person:

1. Knowingly and with intent to defraud presents, causes to be presented, or prepares with knowledge or belief that it will be presented, to or by an insurer, self-insurer, self-insurance fund, servicing corporation, purported insurer, broker, or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of, any insurance policy, or a claim for payment or other benefit pursuant to any insurance policy, which the person knows to contain materially false information concerning any fact material thereto or if the person conceals, for the purpose of misleading another, information concerning any fact material

thereto.

2. Knowingly submits:

a. A false, misleading, or fraudulent application or other document when applying for licensure as a health care clinic, seeking an exemption from licensure as a health care clinic, or demonstrating compliance with part X of chapter 400 with an intent to use the license, exemption from licensure, or demonstration of compliance to provide services or seek reimbursement under a motor vehicle liability insurance policy's medical payments coverage ~~the Florida Motor Vehicle No-Fault Law~~.

b. A claim for payment or other benefit under a motor vehicle liability insurance policy's medical payments coverage, ~~pursuant to a personal injury protection insurance policy under the Florida Motor Vehicle No-Fault Law~~ if the person knows that the payee knowingly submitted a false, misleading, or fraudulent application or other document when applying for licensure as a health care clinic, seeking an exemption from licensure as a health care clinic, or demonstrating compliance with part X of chapter 400.

Section 37. Subsection (1) of section 627.06501, Florida Statutes, is amended to read:

627.06501 Insurance discounts for certain persons completing driver improvement course.—

(1) Any rate, rating schedule, or rating manual for the

liability, medical payments ~~personal injury protection~~, and collision coverages of a motor vehicle insurance policy filed with the office may provide for an appropriate reduction in premium charges as to such coverages if ~~when~~ the principal operator on the covered vehicle has successfully completed a driver improvement course approved and certified by the Department of Highway Safety and Motor Vehicles which is effective in reducing crash or violation rates, or both, as determined pursuant to s. 318.1451(5). Any discount, not to exceed 10 percent, used by an insurer is presumed to be appropriate unless credible data demonstrates otherwise.

Section 38. Subsection (15) is added to section 627.0651, Florida Statutes, to read:

627.0651 Making and use of rates for motor vehicle insurance.—

(15) Rate filings for motor vehicle liability policies that implement the financial responsibility requirements of s. 324.022 in effect July 1, 2026, except for commercial motor vehicle insurance policies exempt under paragraph (14)(a), must reflect such financial responsibility requirements and may be approved only through the file and use process under paragraph (1)(a).

Section 39. Subsection (1) of section 627.0652, Florida Statutes, is amended to read:

627.0652 Insurance discounts for certain persons

completing safety course.—

(1) Any rates, rating schedules, or rating manuals for the liability, medical payments ~~personal injury protection~~, and collision coverages of a motor vehicle insurance policy filed with the office must ~~shall~~ provide for an appropriate reduction in premium charges as to such coverages if ~~when~~ the principal operator on the covered vehicle is an insured 55 years of age or older who has successfully completed a motor vehicle accident prevention course approved by the Department of Highway Safety and Motor Vehicles. Any discount used by an insurer is presumed to be appropriate unless credible data demonstrates otherwise.

Section 40. Subsections (1), (3), and (6) of section 627.0653, Florida Statutes, are amended to read:

627.0653 Insurance discounts for specified motor vehicle equipment.—

(1) Any rates, rating schedules, or rating manuals for the liability, medical payments ~~personal injury protection~~, and collision coverages of a motor vehicle insurance policy filed with the office must ~~shall~~ provide a premium discount if the insured vehicle is equipped with factory-installed, four-wheel antilock brakes.

(3) Any rates, rating schedules, or rating manuals for ~~personal injury protection coverage and~~ medical payments coverage~~, if offered,~~ of a motor vehicle insurance policy filed with the office must ~~shall~~ provide a premium discount if the

insured vehicle is equipped with one or more air bags that ~~which~~ are factory installed.

(6) The Office of Insurance Regulation may approve a premium discount to any rates, rating schedules, or rating manuals for the liability, medical payments ~~personal injury protection~~, and collision coverages of a motor vehicle insurance policy filed with the office if the insured vehicle is equipped with an automated driving system or electronic vehicle collision avoidance technology that is factory installed or a retrofitted system and that complies with National Highway Traffic Safety Administration standards.

Section 41. Section 627.4132, Florida Statutes, is amended to read:

627.4132 Stacking of coverages prohibited.—If an insured or named insured is protected by any type of motor vehicle insurance policy providing primary bodily injury and property damage ~~for~~ liability~~, personal injury protection, or other~~ coverage, the policy must ~~shall~~ provide that the insured or named insured is protected only to the extent of the coverage she or he has on the vehicle involved in the accident. However, if none of the insured's or named insured's vehicles are ~~is~~ involved in the accident, coverage is available only to the extent of coverage on any one of the vehicles with applicable coverage. Coverage on any other vehicles may ~~shall~~ not be added to or stacked upon that coverage. This section does not ~~apply~~:

(1) Apply to uninsured motorist coverage that ~~which~~ is separately governed by s. 627.727.

(2) ~~To~~ Reduce the coverage available by reason of insurance policies insuring different named insureds.

Section 42. Subsection (1) of section 627.4137, Florida Statutes, is amended to read:

627.4137 Disclosure of certain information required.—

(1) Each insurer which does or may provide liability insurance coverage to pay all or a portion of any claim which might be made shall provide, within 30 days after ~~of~~ the written request of the claimant or the claimant's attorney, a statement, under oath, of a corporate officer or the insurer's claims manager or superintendent setting forth the following information with regard to each known policy of insurance, including excess or umbrella insurance:

(a) The name of the insurer.

(b) The name of each insured.

(c) The limits of the liability coverage.

(d) A statement of any policy or coverage defense which such insurer reasonably believes is available to such insurer at the time of filing such statement.

(e) A copy of the policy.

In addition, the insured, or her or his insurance agent, upon written request of the claimant or the claimant's attorney,

shall disclose the name and coverage of each known insurer to the claimant and shall forward such request for information as required by this subsection to all affected insurers. The insurer shall then supply the information required in this subsection to the claimant within 30 days after ~~of~~ receipt of such request. If an insurer fails to timely comply with this section, the claimant may file an action in a court of competent jurisdiction to enforce this section. If the court determines that the insurer violated this section, the claimant is entitled to an award of reasonable attorney fees and costs to be paid by the insurer.

Section 43. Section 627.7263, Florida Statutes, is amended to read:

627.7263 Rental and leasing driver's insurance to be primary; exception.—

(1) The valid and collectible liability insurance ~~or personal injury protection insurance providing coverage~~ for the lessor of a motor vehicle for rent or lease is primary unless otherwise stated in at least 10-point type on the face of the rental or lease agreement. Such insurance is primary for the limits of liability ~~and personal injury protection~~ coverage as required under s. 324.021(7) ~~by ss. 324.021(7) and 627.736~~.

(2) If the lessee's coverage is to be primary, the rental or lease agreement must contain the following language, in at least 10-point type:

"The valid and collectible liability insurance ~~and personal injury protection insurance~~ of an ~~any~~ authorized rental or leasing driver are ~~is~~ primary for the limits of liability ~~and personal injury protection~~ coverage required under s. 324.021(7) ~~by ss. 324.021(7) and 627.736~~, Florida Statutes."

Section 44. Subsections (1) and (7) of section 627.727, Florida Statutes, are amended to read:

627.727 Motor vehicle insurance; uninsured and underinsured vehicle coverage; insolvent insurer protection.—

(1) A ~~No~~ motor vehicle liability insurance policy that ~~which~~ provides bodily injury liability coverage may not ~~shall~~ be delivered or issued for delivery in this state with respect to any specifically insured or identified motor vehicle registered or principally garaged in this state unless uninsured motor vehicle coverage is provided therein or supplemental thereto for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury, sickness, or disease, including death, resulting therefrom. However, the coverage required under this section is not applicable if ~~when~~, or to the extent that, an insured named in the policy makes a written rejection of the coverage on behalf of all insureds under the policy. If ~~When~~ a motor vehicle is leased for ~~a period~~

~~of~~ 1 year or longer and the lessor of such vehicle, by the terms of the lease contract, provides liability coverage on the leased vehicle, the lessee of such vehicle has ~~shall have~~ the sole privilege to reject uninsured motorist coverage or to select lower limits than the bodily injury liability limits, regardless of whether the lessor is qualified as a self-insurer pursuant to s. 324.171. Unless an insured, or a lessee having the privilege of rejecting uninsured motorist coverage, requests such coverage or requests higher uninsured motorist limits in writing, the coverage or such higher uninsured motorist limits need not be provided in or supplemental to any other policy that ~~which~~ renews, extends, changes, supersedes, or replaces an existing policy with the same bodily injury liability limits when an insured or lessee had rejected the coverage. When an insured or lessee has initially selected limits of uninsured motorist coverage lower than her or his bodily injury liability limits, higher limits of uninsured motorist coverage need not be provided in or supplemental to any other policy that ~~which~~ renews, extends, changes, supersedes, or replaces an existing policy with the same bodily injury liability limits unless an insured requests higher uninsured motorist coverage in writing. The rejection or selection of lower limits must ~~shall~~ be made on a form approved by the office. The form must ~~shall~~ fully advise the applicant of the nature of the coverage and must ~~shall~~ state that the coverage is equal to bodily injury liability limits

unless lower limits are requested or the coverage is rejected. The heading of the form must ~~shall~~ be in 12-point bold type and must ~~shall~~ state: "You are electing not to purchase certain valuable coverage that ~~which~~ protects you and your family or you are purchasing uninsured motorist limits less than your bodily injury liability limits when you sign this form. Please read carefully." If this form is signed by a named insured, it will be conclusively presumed that there was an informed, knowing rejection of coverage or election of lower limits on behalf of all insureds. The insurer shall notify the named insured at least annually of her or his options as to the coverage required by this section. Such notice must ~~shall~~ be part of, and attached to, the notice of premium, must ~~shall~~ provide for a means to allow the insured to request such coverage, and must ~~shall~~ be given in a manner approved by the office. Receipt of this notice does not constitute an affirmative waiver of the insured's right to uninsured motorist coverage if ~~where~~ the insured has not signed a selection or rejection form. The coverage described under this section must ~~shall~~ be over and above, but may ~~shall~~ not duplicate, the benefits available to an insured under any workers' compensation law, ~~personal injury protection benefits,~~ disability benefits law, or similar law; under any automobile medical payments ~~expense~~ coverage; under any motor vehicle liability insurance coverage; or from the owner or operator of the uninsured motor vehicle or any other person or organization

jointly or severally liable together with such owner or operator for the accident, ~~;~~ and such coverage must ~~shall~~ cover the difference, if any, between the sum of such benefits and the damages sustained, up to the maximum amount of such coverage provided under this section. The amount of coverage available under this section may ~~shall~~ not be reduced by a setoff against any coverage, including liability insurance. Such coverage does ~~shall~~ not inure directly or indirectly to the benefit of any workers' compensation or disability benefits carrier or any person or organization qualifying as a self-insurer under any workers' compensation or disability benefits law or similar law.

(7) The legal liability of an uninsured motorist coverage insurer includes ~~does not include~~ damages in tort for pain, suffering, disability, physical impairment, disfigurement, mental anguish, ~~and~~ inconvenience, and the loss of capacity for the enjoyment of life experienced in the past and to be experienced in the future ~~unless the injury or disease is described in one or more of paragraphs (a)-(d) of s. 627.737(2)~~.

Section 45. Section 627.7275, Florida Statutes, is amended to read:

627.7275 Required coverages in motor vehicle insurance policies; availability to certain applicants ~~liability~~.—

(1) A motor vehicle insurance policy ~~providing personal injury protection as set forth in s. 627.736 may not be~~ delivered or issued for delivery in this state for a ~~with~~

~~respect to any~~ specifically insured or identified motor vehicle registered or principally garaged in this state must provide bodily injury liability coverage and ~~unless the policy also provides coverage for~~ property damage liability coverage as required under ss. 324.022 and 324.151 ~~by s. 324.022~~.

(2)(a) Insurers writing motor vehicle insurance in this state shall make available, subject to the insurers' usual underwriting restrictions:

1. Coverage under policies as described in subsection (1) to an applicant for private passenger motor vehicle insurance coverage who is seeking the coverage in order to reinstate the applicant's driving privileges in this state if the driving privileges were revoked or suspended pursuant to s. 316.646 or s. 324.0221 due to the failure of the applicant to maintain required security.

2. Coverage under policies as described in subsection (1), which includes bodily injury ~~also provides~~ liability coverage and property damage liability coverage ~~for bodily injury, death, and property damage arising out of the ownership, maintenance, or use of the motor vehicle~~ in an amount not less than the minimum limits required under ~~described in~~ s. 324.021(7) or s. 324.023 and which conforms to the requirements of s. 324.151, to an applicant for private passenger motor vehicle insurance coverage who is seeking the coverage in order to reinstate the applicant's driving privileges in this state after such

privileges were revoked or suspended under s. 316.193 or s. 322.26(2) for driving under the influence.

(b) The policies described in paragraph (a) must ~~shall~~ be issued for at least 6 months. After the insurer has issued the policy, the insurer shall notify the Department of Highway Safety and Motor Vehicles that the policy is in full force and effect. Once the provisions of the policy become effective, the bodily injury liability and property damage liability coverages ~~for bodily injury, property damage, and personal injury protection~~ may not be reduced below the minimum limits required under s. 324.021 or s. 324.023 during the policy period.

(c) This subsection controls to the extent of any conflict with any other section.

(d) An insurer issuing a policy subject to this section may cancel the policy if, during the policy term, the named insured, or any other operator who resides in the same household or customarily operates an automobile insured under the policy, has his or her driver license suspended or revoked.

(e) This subsection does not require an insurer to offer a policy of insurance to an applicant if such offer would be inconsistent with the insurer's underwriting guidelines and procedures.

Section 46. Effective upon this act becoming a law, section 627.7278, Florida Statutes, is created to read:

627.7278 Applicability and construction; notice to

policyholders.—

(1) As used in this section, the term "minimum security requirements" means security that enables a person to respond in damages for liability on account of crashes arising out of the ownership, maintenance, or use of a motor vehicle, in the amounts required by s. 324.022.

(2) Effective July 1, 2026:

(a) Motor vehicle insurance policies issued or renewed on or after July 1, 2026, may not include personal injury protection.

(b) All persons subject to s. 324.022, s. 324.032, s. 627.7415, or s. 627.742 must maintain at least minimum security requirements.

(c) An existing motor vehicle insurance policy issued before July 1, 2026, which provides personal injury protection and property damage liability coverage that meets the requirements of s. 324.022 on June 30, 2026, but that does not meet minimum security requirements on or after July 1, 2026, is deemed to meet minimum security requirements until such policy is renewed, nonrenewed, or canceled on or after July 1, 2026. Sections 400.9905, 400.991, 456.057, 456.072, 626.9541(1)(i), 627.7263, 627.727, 627.730-627.7405, 627.748, and 817.234, Florida Statutes 2024, remain in full force and effect for motor vehicle accidents covered under a policy issued under the Florida Motor Vehicle No-Fault Law before July 1, 2026, until

the policy is renewed, nonrenewed, or canceled on or after July 1, 2026.

(3) An insurer shall allow each insured who has a new or renewal policy providing personal injury protection which becomes effective before July 1, 2026, and whose policy does not meet minimum security requirements on or after July 1, 2026, to change coverages so as to eliminate personal injury protection. Any reduction in the premium must be refunded by the insurer. The insurer may not impose on the insured an additional fee or charge that applies solely to a change in coverage; however, the insurer may charge an additional required premium that is actuarially indicated.

(4) By April 1, 2026, each motor vehicle insurer shall provide notice of this section to each motor vehicle policyholder who is subject to this section. The notice is subject to approval by the office and must clearly inform the policyholder that:

(a) The Florida Motor Vehicle No-Fault Law is repealed effective July 1, 2026, and that on or after that date, the insured is no longer required to maintain personal injury protection insurance coverage, that personal injury protection coverage is no longer available for purchase in this state, and that new or renewal policies issued on or after that date will not contain that coverage.

(b) Effective July 1, 2026, a person subject to the

financial responsibility requirements of s. 324.022 must maintain minimum security requirements that enable the person to respond to damages for liability on account of accidents arising out of the use of a motor vehicle in the following amounts:

1. Twenty-five thousand dollars for bodily injury to, or the death of, one person in any one crash and, subject to such limits for one person, in the amount of $50,000 for bodily injury to, or the death of, two or more persons in any one crash; and

2. Ten thousand dollars for damage to, or destruction of, the property of others in any one crash.

(c) Bodily injury liability coverage protects the insured, up to the coverage limits, against loss if the insured is legally responsible for the death of or bodily injury to others in a motor vehicle crash.

(d) The policyholder may obtain uninsured and underinsured motorist coverage that provides benefits, up to the limits of such coverage, to a policyholder or other insured entitled to recover damages for bodily injury, sickness, disease, or death resulting from a motor vehicle crash involving an uninsured or underinsured owner or operator of a motor vehicle.

(e) If the policyholder's new or renewal motor vehicle insurance policy is effective before July 1, 2026, and contains personal injury protection and property damage liability coverage as required by state law before July 1, 2026, but does

not meet minimum security requirements on or after July 1, 2026, the policy is deemed to meet minimum security requirements until it is renewed, nonrenewed, or canceled on or after July 1, 2026.

(f) A policyholder whose new or renewal policy becomes effective before July 1, 2026, but does not meet minimum security requirements on or after July 1, 2026, may change coverages under the policy so as to eliminate personal injury protection and to obtain coverage providing minimum security requirements, including bodily injury liability coverage, which are effective on or after July 1, 2026.

(g) If the policyholder has any questions, he or she should contact the person named at the telephone number provided in the notice.

Section 47. Paragraph (a) of subsection (1) of section 627.728, Florida Statutes, is amended to read:

627.728 Cancellations; nonrenewals.—

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

(a) "Policy" means the bodily injury and property damage liability, ~~personal injury protection,~~ medical payments, comprehensive, collision, and uninsured motorist coverage portions of a policy of motor vehicle insurance delivered or issued for delivery in this state:

1. Insuring a natural person as named insured or one or more related individuals who are residents ~~resident~~ of the same household; and

2. Insuring only a motor vehicle of the private passenger type or station wagon type which is not used as a public or livery conveyance for passengers or rented to others; or insuring any other four-wheel motor vehicle having a load capacity of 1,500 pounds or less which is not used in the occupation, profession, or business of the insured other than farming; other than any policy issued under an automobile insurance assigned risk plan or covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

The term "policy" does not include a binder as defined in s. 627.420 unless the duration of the binder period exceeds 60 days.

Section 48. Subsection (1), paragraph (a) of subsection (5), and subsections (6) and (7) of section 627.7295, Florida Statutes, are amended to read:

627.7295 Motor vehicle insurance contracts.—

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

(a) "Policy" means a motor vehicle insurance policy that provides bodily injury liability ~~personal injury protection~~ coverage and~~,~~ property damage liability coverage~~, or both~~.

(b) "Binder" means a binder that provides motor vehicle bodily injury liability coverage ~~personal injury protection~~ and property damage liability coverage.

(5)(a) A licensed general lines agent may charge a per-policy fee of up to ~~not to exceed~~ $10 to cover the administrative costs of the agent associated with selling the motor vehicle insurance policy if the policy provides ~~covers~~ only bodily injury liability coverage ~~personal injury protection coverage as provided by s. 627.736~~ and property damage liability coverage under ~~as provided by~~ s. 627.7275 and if no other insurance is sold or issued in conjunction with or collateral to the policy. The fee is not ~~considered~~ part of the premium.

(6) If a motor vehicle owner's driver license, license plate, and registration have previously been suspended pursuant to s. 316.646 ~~or s. 627.733~~, an insurer may cancel a new policy only as provided in s. 627.7275.

(7) A policy of private passenger motor vehicle insurance or a binder for such a policy may be initially issued in this state only if, before the effective date of such binder or policy, the insurer or agent has collected from the insured an amount equal to at least 1 month's premium. An insurer, agent, or premium finance company may not, directly or indirectly, take any action will result ~~resulting~~ in the insured paying ~~having paid~~ from the insured's own funds an amount less than the 1 month's premium required by this subsection. This subsection applies regardless of ~~without regard to~~ whether the premium is financed by a premium finance company or is paid pursuant to a periodic payment plan of an insurer or an insurance agent.

(a) This subsection does not apply:

1. If an insured or member of the insured's family is renewing or replacing a policy or a binder for such policy written by the same insurer or a member of the same insurer group. ~~This subsection does not apply~~

2. To an insurer that issues private passenger motor vehicle coverage primarily to active duty or former military personnel or their dependents. ~~This subsection does not apply~~

3. If all policy payments are paid pursuant to a payroll deduction plan, an automatic electronic funds transfer payment plan from the policyholder, or a recurring credit card or debit card agreement with the insurer.

(b) This subsection and subsection (4) do not apply if:

1. All policy payments to an insurer are paid pursuant to an automatic electronic funds transfer payment plan from an agent, a managing general agent, or a premium finance company and if the policy includes, at a minimum, bodily injury liability coverage and ~~personal injury protection pursuant to ss. 627.730-627.7405; motor vehicle~~ property damage liability coverage under ~~pursuant to~~ s. 627.7275; or ~~and bodily injury liability in at least the amount of $10,000 because of bodily injury to, or death of, one person in any one accident and in the amount of $20,000 because of bodily injury to, or death of, two or more persons in any one accident. This subsection and subsection (4) do not apply if~~

2. An insured has had a policy in effect for at least 6 months, the insured's agent is terminated by the insurer that issued the policy, and the insured obtains coverage on the policy's renewal date with a new company through the terminated agent.

Section 49. Section 627.7415, Florida Statutes, is amended to read:

627.7415 Commercial motor vehicles; additional liability insurance coverage.—Beginning July 1, 2026, commercial motor vehicles, as defined in s. 207.002 or s. 320.01, operated upon the roads and highways of this state must ~~shall~~ be insured with the following minimum levels of combined bodily liability insurance and property damage liability insurance in addition to any other insurance requirements:

(1) Sixty ~~Fifty~~ thousand dollars per occurrence for a commercial motor vehicle with a gross vehicle weight of 26,000 pounds or more, but less than 35,000 pounds.

(2) One hundred twenty thousand dollars per occurrence for a commercial motor vehicle with a gross vehicle weight of 35,000 pounds or more, but less than 44,000 pounds.

(3) Three hundred thousand dollars per occurrence for a commercial motor vehicle with a gross vehicle weight of 44,000 pounds or more.

(4) All commercial motor vehicles subject to regulations of the United States Department of Transportation, 49 C.F.R.

part 387, subparts A and B, and as may be hereinafter amended, shall be insured in an amount equivalent to the minimum levels of financial responsibility as set forth in such regulations.

A violation of this section is a noncriminal traffic infraction, punishable as a nonmoving violation as provided in chapter 318.

Section 50. Subsections (1) and (3) of section 627.747, Florida Statutes, are amended to read:

627.747 Named driver exclusion.—

(1) A private passenger motor vehicle policy may exclude the following coverages for all claims or suits resulting from the operation of a motor vehicle by an identified individual who is not a named insured, provided the identified individual is named on the declarations page or by endorsement and the named insured consents in writing to such exclusion:

(a) ~~Notwithstanding the Florida Motor Vehicle No-Fault Law, the personal injury protection coverage specifically applicable to the identified individual's injuries, lost wages, and death benefits.~~

~~(b)~~ Property damage liability coverage.

(b) ~~(c)~~ Bodily injury liability coverage~~, if required by law and purchased by the named insured~~.

(c) ~~(d)~~ Uninsured motorist coverage for any damages sustained by the identified excluded individual, if the named insured has purchased such coverage.

(d) ~~(c)~~ Any coverage the named insured is not required by law to purchase.

(3) A driver excluded pursuant to this section must~~:~~

~~(a)~~ establish, maintain, and show proof of financial ability to respond for damages arising out of the ownership, maintenance, or use of a motor vehicle as required by chapter 324~~; and~~

~~(b) Maintain security as required by s. 627.733~~.

Section 51. Paragraphs (b), (c), and (g) of subsection (7), paragraphs (a) and (b) of subsection (8), and paragraph (b) of subsection (16) of section 627.748, Florida Statutes, are amended to read:

627.748 Transportation network companies.—

(7) TRANSPORTATION NETWORK COMPANY AND TNC DRIVER INSURANCE REQUIREMENTS.—

(b) The following automobile insurance requirements apply while a participating TNC driver is logged on to the digital network but is not engaged in a prearranged ride:

1. Automobile insurance that provides:

a. A primary automobile liability coverage of at least $50,000 for death and bodily injury per person, $100,000 for death and bodily injury per incident, and $25,000 for property damage; and

b. ~~Personal injury protection benefits that meet the minimum coverage amounts required under ss. 627.730-627.7405;~~

~~and~~

~~c.~~ Uninsured and underinsured vehicle coverage as required by s. 627.727.

2. The coverage requirements of this paragraph may be satisfied by any of the following:

a. Automobile insurance maintained by the TNC driver or the TNC vehicle owner;

b. Automobile insurance maintained by the TNC; or

c. A combination of sub-subparagraphs a. and b.

(c) The following automobile insurance requirements apply while a TNC driver is engaged in a prearranged ride:

1. Automobile insurance that provides:

a. A primary automobile liability coverage of at least $1 million for death, bodily injury, and property damage; and

b. ~~Personal injury protection benefits that meet the minimum coverage amounts required of a limousine under ss. 627.730-627.7405; and~~

~~c.~~ Uninsured and underinsured vehicle coverage as required by s. 627.727.

2. The coverage requirements of this paragraph may be satisfied by any of the following:

a. Automobile insurance maintained by the TNC driver or the TNC vehicle owner;

b. Automobile insurance maintained by the TNC; or

c. A combination of sub-subparagraphs a. and b.

(g) Insurance satisfying the requirements under this subsection is deemed to satisfy the financial responsibility requirement for a motor vehicle under chapter 324 ~~and the security required under s. 627.733~~ for any period when the TNC driver is logged onto the digital network or engaged in a prearranged ride.

(8) TRANSPORTATION NETWORK COMPANY AND INSURER; DISCLOSURE; EXCLUSIONS.—

(a) Before a TNC driver is allowed to accept a request for a prearranged ride on the digital network, the TNC must disclose in writing to the TNC driver:

1. The insurance coverage, including the types of coverage and the limits for each coverage, which the TNC provides while the TNC driver uses a TNC vehicle in connection with the TNC's digital network.

2. That the TNC driver's own automobile insurance policy might not provide any coverage while the TNC driver is logged on to the digital network or is engaged in a prearranged ride, depending on the terms of the TNC driver's own automobile insurance policy.

3. That the provision of rides for compensation which are not prearranged rides subjects the driver to the coverage requirements imposed under s. 324.032(1) and (2) and that failure to meet such coverage requirements subjects the TNC driver to penalties provided in s. 324.221, up to and including

a misdemeanor of the second degree.

(b)1. An insurer that provides an automobile liability insurance policy under this part may exclude any and all coverage afforded under the policy issued to an owner or operator of a TNC vehicle while driving that vehicle for any loss or injury that occurs while a TNC driver is logged on to a digital network or while a TNC driver provides a prearranged ride. Exclusions imposed under this subsection are limited to coverage while a TNC driver is logged on to a digital network or while a TNC driver provides a prearranged ride. This right to exclude all coverage may apply to any coverage included in an automobile insurance policy, including, but not limited to:

a. Liability coverage for bodily injury and property damage;

b. Uninsured and underinsured motorist coverage;

c. Medical payments coverage;

d. Comprehensive physical damage coverage; and

e. Collision physical damage coverage~~; and~~

~~f. Personal injury protection~~.

2. The exclusions described in subparagraph 1. apply notwithstanding any requirement under chapter 324. These exclusions do not affect or diminish coverage otherwise available for permissive drivers or resident relatives under the personal automobile insurance policy of the TNC driver or owner of the TNC vehicle who are not occupying the TNC vehicle at the

time of loss. This section does not require that a personal automobile insurance policy provide coverage while the TNC driver is logged on to a digital network, while the TNC driver is engaged in a prearranged ride, or while the TNC driver otherwise uses a vehicle to transport riders for compensation.

3. This section must not be construed to require an insurer to use any particular policy language or reference to this section in order to exclude any ~~and all~~ coverage for any loss or injury that occurs while a TNC driver is logged on to a digital network or while a TNC driver provides a prearranged ride.

4. This section does not preclude an insurer from providing primary or excess coverage for the TNC driver's vehicle by contract or endorsement.

(16) LUXURY GROUND TRANSPORTATION NETWORK COMPANIES.—

(b) An entity may elect, upon written notification to the department, to be regulated as a luxury ground TNC. A luxury ground TNC must:

1. Comply with all of the requirements of this section applicable to a TNC, including subsection (17), which do not conflict with subparagraph 2. or which do not prohibit the company from connecting riders to drivers who operate for-hire vehicles as defined in s. 320.01(15), including limousines and luxury sedans and excluding taxicabs.

2. Maintain insurance coverage as required by subsection

(7). However, if a prospective luxury ground TNC satisfies minimum financial responsibility through compliance with s. 324.032(3) ~~s. 324.032(2)~~ by using self-insurance when it gives the department written notification of its election to be regulated as a luxury ground TNC, the luxury ground TNC may use self-insurance to meet the insurance requirements of subsection (7), so long as such self-insurance complies with s. 324.032(3) ~~s. 324.032(2)~~ and provides the limits of liability required by subsection (7).

Section 52. Subsection (2) and paragraphs (a) and (c) of subsection (3) of section 627.7483, Florida Statutes, are amended to read:

627.7483 Peer-to-peer car sharing; insurance requirements.—

(2) INSURANCE COVERAGE REQUIREMENTS.—

(a)1. A peer-to-peer car-sharing program shall ensure that, during each car-sharing period, the shared vehicle owner and the shared vehicle driver are insured under a motor vehicle insurance policy that provides all of the following:

a. Property damage liability coverage and bodily injury liability coverage that meet or exceed ~~meets~~ the minimum coverage amounts required under s. 324.022.

b. ~~Bodily injury liability coverage limits as described in s. 324.021(7)(a) and (b).~~

~~c. Personal injury protection benefits that meet the~~

~~minimum coverage amounts required under s. 627.736.~~

~~d.~~ Uninsured and underinsured vehicle coverage as required under s. 627.727.

2. The peer-to-peer car-sharing program shall also ensure that the motor vehicle insurance policy under subparagraph 1.:

a. Recognizes that the shared vehicle insured under the policy is made available and used through a peer-to-peer car-sharing program; or

b. Does not exclude the use of a shared vehicle by a shared vehicle driver.

(b)1. The insurance described under paragraph (a) may be satisfied by a motor vehicle insurance policy maintained by:

a. A shared vehicle owner;

b. A shared vehicle driver;

c. A peer-to-peer car-sharing program; or

d. A combination of a shared vehicle owner, a shared vehicle driver, and a peer-to-peer car-sharing program.

2. The insurance policy maintained in subparagraph 1. which satisfies the insurance requirements under paragraph (a) is primary during each car-sharing period. If a claim occurs during the car-sharing period in another state with minimum financial responsibility limits higher than those limits required under chapter 324, the coverage maintained under paragraph (a) satisfies the difference in minimum coverage amounts up to the applicable policy limits.

3.a. If the insurance maintained by a shared vehicle owner or shared vehicle driver in accordance with subparagraph 1. has lapsed or does not provide the coverage required under paragraph (a), the insurance maintained by the peer-to-peer car-sharing program must provide the coverage required under paragraph (a), beginning with the first dollar of a claim, and must defend such claim, except under circumstances as set forth in subparagraph (3)(a)2.

b. Coverage under a motor vehicle insurance policy maintained by the peer-to-peer car-sharing program must not be dependent on another motor vehicle insurer first denying a claim, and another motor vehicle insurance policy is not required to first deny a claim.

c. Notwithstanding any other law, statute, rule, or regulation to the contrary, a peer-to-peer car-sharing program has an insurable interest in a shared vehicle during the car-sharing period. This sub-subparagraph does not create liability for a peer-to-peer car-sharing program for maintaining the coverage required under paragraph (a) and under this paragraph, if applicable.

d. A peer-to-peer car-sharing program may own and maintain as the named insured one or more policies of motor vehicle insurance which provide coverage for:

(I) Liabilities assumed by the peer-to-peer car-sharing program under a peer-to-peer car-sharing program agreement;

(II) Liability of the shared vehicle owner;

(III) Liability of the shared vehicle driver;

(IV) Damage or loss to the shared motor vehicle; or

(V) Damage, loss, or injury to persons or property to satisfy the ~~personal injury protection and~~ uninsured and underinsured motorist coverage requirements of this section.

e. Insurance required under paragraph (a), when maintained by a peer-to-peer car-sharing program, may be provided by an insurer authorized to do business in this state which is a member of the Florida Insurance Guaranty Association or an eligible surplus lines insurer that has a superior, excellent, exceptional, or equivalent financial strength rating by a rating agency acceptable to the office. A peer-to-peer car-sharing program is not transacting in insurance when it maintains the insurance required under this section.

(3) LIABILITIES AND INSURANCE EXCLUSIONS.—

(a) *Liability.*—

1. A peer-to-peer car-sharing program shall assume liability, except as provided in subparagraph 2., of a shared vehicle owner for bodily injury or property damage to third parties or uninsured and underinsured motorist ~~or personal injury protection~~ losses during the car-sharing period in an amount stated in the peer-to-peer car-sharing program agreement, which amount may not be less than those set forth in ss. 324.022 and 627.727 ~~ss. 324.021(7)(a) and (b), 324.022, 627.727, and~~

~~627.736~~, respectively.

2. The assumption of liability under subparagraph 1. does not apply if a shared vehicle owner:

a. Makes an intentional or fraudulent material misrepresentation or omission to the peer-to-peer car-sharing program before the car-sharing period in which the loss occurs; or

b. Acts in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the terms of the peer-to-peer car-sharing program agreement.

3. The insurer, insurers, or peer-to-peer car-sharing program providing coverage under paragraph (2)(a) shall assume primary liability for a claim when:

a. A dispute exists over who was in control of the shared motor vehicle at the time of the loss, and the peer-to-peer car-sharing program does not have available, did not retain, or fails to provide the information required under subsection (5); or

b. A dispute exists over whether the shared vehicle was returned to the alternatively agreed-upon location as required under subparagraph (1)(d)2.

(c) *Exclusions in motor vehicle insurance policies.*—An authorized insurer that writes motor vehicle liability insurance in this state may exclude any coverage and the duty to defend or indemnify for any claim under a shared vehicle owner's motor

vehicle insurance policy, including, but not limited to:

1. Liability coverage for bodily injury and property damage;

2. ~~Personal injury protection coverage;~~

~~3.~~ Uninsured and underinsured motorist coverage;

3.~~4.~~ Medical payments coverage;

4.~~5.~~ Comprehensive physical damage coverage; and

5.~~6.~~ Collision physical damage coverage.

This paragraph does not invalidate or limit any exclusion contained in a motor vehicle insurance policy, including any insurance policy in use or approved for use which excludes coverage for motor vehicles made available for rent, sharing, or hire or for any business use. This paragraph does not invalidate, limit, or restrict an insurer's ability under existing law to underwrite, cancel, or nonrenew any insurance policy.

Section 53. Paragraph (a) of subsection (2) of section 627.749, Florida Statutes, is amended to read:

627.749 Autonomous vehicles; insurance requirements.—

(2) INSURANCE REQUIREMENTS.—

(a) A fully autonomous vehicle with the automated driving system engaged while logged on to an on-demand autonomous vehicle network or engaged in a prearranged ride must be covered by a policy of automobile insurance which provides:

1. Primary liability coverage of at least $1 million for death, bodily injury, and property damage.

2. ~~Personal injury protection benefits that meet the minimum coverage amounts required under ss. 627.730-627.7405.~~

~~3.~~ Uninsured and underinsured vehicle coverage as required by s. 627.727.

Section 54. Section 627.8405, Florida Statutes, is amended to read:

627.8405 Prohibited acts; financing companies.—A ~~No~~ premium finance company ~~shall~~, in a premium finance agreement or other agreement, may not finance the cost of or otherwise provide for the collection or remittance of dues, assessments, fees, or other periodic payments of money for the cost of:

(1) A membership in an automobile club. The term "automobile club" means a legal entity that ~~which~~, in consideration of dues, assessments, or periodic payments of money, promises its members or subscribers to assist them in matters relating to the ownership, operation, use, or maintenance of a motor vehicle; however, the term ~~this definition of "automobile club"~~ does not include persons, associations, or corporations ~~which are~~ organized and operated solely for the purpose of conducting, sponsoring, or sanctioning motor vehicle races, exhibitions, or contests upon racetracks, or upon racecourses established and marked as such for the duration of such particular events. As used in this subsection,

the term ~~words~~ "motor vehicle" has ~~used herein have~~ the same meaning as ~~defined~~ in chapter 320.

(2) An accidental death and dismemberment policy sold in combination with a policy providing only bodily injury liability coverage ~~personal injury protection~~ and property damage liability coverage ~~only policy~~.

(3) Any product not regulated under ~~the provisions of~~ this insurance code.

This section also applies to premium financing by any insurance agent or insurance company under part XVI. The commission shall adopt rules to assure disclosure, at the time of sale, of coverages financed ~~with personal injury protection~~ and shall prescribe the form of such disclosure.

Section 55. Subsection (1) of section 627.915, Florida Statutes, is amended to read:

627.915 Insurer experience reporting.—

(1) Each insurer transacting private passenger motor vehicle ~~automobile~~ insurance in this state shall report certain information annually to the office. The information will be due on or before July 1 of each year. The information must ~~shall~~ be divided into the following categories: bodily injury liability; property damage liability; uninsured motorist; ~~personal injury protection benefits;~~ medical payments; and comprehensive and collision. The information given must ~~shall~~ be on direct

insurance writings in the state alone and ~~shall~~ represent total limits data. The information set forth in paragraphs (a)-(f) is applicable to voluntary private passenger and Joint Underwriting Association private passenger writings and must ~~shall~~ be reported for each of the latest 3 calendar-accident years, with an evaluation date of March 31 of the current year. The information set forth in paragraphs (g)-(j) is applicable to voluntary private passenger writings and must ~~shall~~ be reported on a calendar-accident year basis ultimately seven times at seven different stages of development.

(a) Premiums earned for the latest 3 calendar-accident years.

(b) Loss development factors and the historic development of those factors.

(c) Policyholder dividends incurred.

(d) Expenses for other acquisition and general expense.

(e) Expenses for agents' commissions and taxes, licenses, and fees.

(f) Profit and contingency factors as utilized in the insurer's automobile rate filings for the applicable years.

(g) Losses paid.

(h) Losses unpaid.

(i) Loss adjustment expenses paid.

(j) Loss adjustment expenses unpaid.

Section 56. Subsections (2) and (3) of section 628.909,

Florida Statutes, are amended to read:

628.909 Applicability of other laws.—

(2) The following provisions of the Florida Insurance Code apply to captive insurance companies that ~~who~~ are not industrial insured captive insurance companies to the extent that such provisions are not inconsistent with this part:

(a) Chapter 624, except for ss. 624.407, 624.408, 624.4085, 624.40851, 624.4095, 624.411, 624.425, and 624.426.

(b) Chapter 625, part II.

(c) Chapter 626, part IX.

(d) ~~Sections 627.730-627.7405, when no-fault coverage is provided.~~

~~(c)~~ Chapter 628.

(3) The following provisions of the Florida Insurance Code ~~shall~~ apply to industrial insured captive insurance companies to the extent that such provisions are not inconsistent with this part:

(a) Chapter 624, except for ss. 624.407, 624.408, 624.4085, 624.40851, 624.4095, 624.411, 624.425, 624.426, and 624.609(1).

(b) Chapter 625, part II, if the industrial insured captive insurance company is incorporated in this state.

(c) Chapter 626, part IX.

(d) ~~Sections 627.730-627.7405 when no-fault coverage is provided.~~

~~(c)~~ Chapter 628, except for ss. 628.341, 628.351, and 628.6018.

Section 57. Subsections (2), (6), and (7) of section 705.184, Florida Statutes, are amended to read:

705.184 Derelict or abandoned motor vehicles on the premises of public-use airports.—

(2) The airport director or the director's designee shall contact the Department of Highway Safety and Motor Vehicles to notify that department that the airport has possession of the abandoned or derelict motor vehicle and to determine the name and address of the owner of the motor vehicle, the insurance company insuring the motor vehicle, ~~notwithstanding the provisions of s. 627.736,~~ and any person who has filed a lien on the motor vehicle. Within 7 business days after receipt of the information, the director or the director's designee shall send notice by certified mail, return receipt requested, to the owner of the motor vehicle, the insurance company insuring the motor vehicle, ~~notwithstanding the provisions of s. 627.736,~~ and all persons of record claiming a lien against the motor vehicle. The notice must ~~shall~~ state the fact of possession of the motor vehicle, that charges for reasonable towing, storage, and parking fees, if any, have accrued and the amount thereof, that a lien as provided in subsection (6) will be claimed, that the lien is subject to enforcement pursuant to law, that the owner or lienholder, if any, has the right to a hearing as set forth

in subsection (4), and that any motor vehicle which, at the end of 30 calendar days after receipt of the notice, has not been removed from the airport upon payment in full of all accrued charges for reasonable towing, storage, and parking fees, if any, may be disposed of as provided in s. 705.182(2)(a), (b), (d), or (e), including, but not limited to, the motor vehicle being sold free of all prior liens after 35 calendar days after the time the motor vehicle is stored if any prior liens on the motor vehicle are more than 5 years of age or after 50 calendar days after the time the motor vehicle is stored if any prior liens on the motor vehicle are 5 years of age or less.

(6) The airport pursuant to this section or, if used, a licensed independent wrecker company pursuant to s. 713.78 shall have a lien on an abandoned or derelict motor vehicle for all reasonable towing, storage, and accrued parking fees, if any, except that a ~~no~~ storage fee may not ~~shall~~ be charged if the motor vehicle is stored less than 6 hours. As a prerequisite to perfecting a lien under this section, the airport director or the director's designee must serve a notice in accordance with subsection (2) on the owner of the motor vehicle, the insurance company insuring the motor vehicle, ~~notwithstanding the provisions of s. 627.736,~~ and all persons of record claiming a lien against the motor vehicle. If attempts to notify the owner, the insurance company insuring the motor vehicle, ~~notwithstanding the provisions of s. 627.736,~~ or lienholders are

not successful, the requirement of notice by mail is ~~shall be~~ considered met. Serving of the notice does not dispense with recording the claim of lien.

(7)(a) For the purpose of perfecting its lien under this section, the airport shall record a claim of lien which states ~~shall state~~:

1. The name and address of the airport.

2. The name of the owner of the motor vehicle, the insurance company insuring the motor vehicle, ~~notwithstanding the provisions of s. 627.736,~~ and all persons of record claiming a lien against the motor vehicle.

3. The costs incurred from reasonable towing, storage, and parking fees, if any.

4. A description of the motor vehicle sufficient for identification.

(b) The claim of lien must ~~shall~~ be signed and sworn to or affirmed by the airport director or the director's designee.

(c) The claim of lien is ~~shall be~~ sufficient if it is in substantially the following form:

CLAIM OF LIEN

State of .....

County of .....

Before me, the undersigned notary public, personally appeared ....., who was duly sworn and says that he/she is the

..... of ....., whose address is.....; and that the following described motor vehicle:
...(Description of motor vehicle)...
owned by ....., whose address is ....., has accrued $..... in fees for a reasonable tow, for storage, and for parking, if applicable; that the lienor served its notice to the owner, the insurance company insuring the motor vehicle ~~notwithstanding the provisions of s. 627.736, Florida Statutes~~, and all persons of record claiming a lien against the motor vehicle on ...., ...(year)..., by.....
...(Signature)...
Sworn to (or affirmed) and subscribed before me this .... day of ...., ...(year)..., by ...(name of person making statement)....
...(Signature of Notary Public)... ...(Print, Type, or Stamp Commissioned name of Notary Public)...
Personally Known....OR Produced....as identification.

However, the negligent inclusion or omission of any information in this claim of lien which does not prejudice the owner does not constitute a default that operates to defeat an otherwise valid lien.

(d) The claim of lien must ~~shall~~ be served on the owner of the motor vehicle, the insurance company insuring the motor vehicle, ~~notwithstanding the provisions of s. 627.736,~~ and all persons of record claiming a lien against the motor vehicle. If

attempts to notify the owner, the insurance company insuring the motor vehicle ~~notwithstanding the provisions of s. 627.736~~, or lienholders are not successful, the requirement of notice by mail is ~~shall be~~ considered met. The claim of lien must ~~shall~~ be so served before recordation.

(e) The claim of lien must ~~shall~~ be recorded with the clerk of court in the county where the airport is located. The recording of the claim of lien is ~~shall be~~ constructive notice to all persons of the contents and effect of such claim. The lien attaches ~~shall attach~~ at the time of recordation and takes ~~shall take~~ priority as of that time.

Section 58. Paragraphs (a), (b), and (c) of subsection (4) of section 713.78, Florida Statutes, are amended to read:

713.78 Liens for recovering, towing, or storing vehicles and vessels.—

(4)(a) A towing-storage operator who comes into possession of a vehicle or vessel pursuant to paragraph (2)(b), and who claims a lien for recovery, towing, or storage services, must give notice, by certified mail, pursuant to subsection (16), to the registered owner, the insurance company insuring the vehicle or vessel ~~notwithstanding s. 627.736~~, and all persons claiming a lien thereon, as disclosed by the records in the Department of Highway Safety and Motor Vehicles or as disclosed by the records of any corresponding agency in any other state in which the vehicle or vessel is identified through a records check of the

National Motor Vehicle Title Information System or an equivalent commercially available system as being titled or registered.

(b) When a law enforcement agency, county, or municipality authorizes the removal of a vehicle or vessel, or a towing service, garage, repair shop, or automotive service, storage, or parking place notifies a law enforcement agency of possession of a vehicle or vessel pursuant to s. 715.07(2)(a)2., if an approved third-party service cannot obtain the vehicle's or vessel's owner, lienholder, and insurer information or last state of record pursuant to subsection (16), then the person in charge of the towing service, garage, repair shop, or automotive service, storage, or parking place must request such information from the law enforcement agency of the jurisdiction where the vehicle or vessel is stored. The law enforcement agency to which the request was made must contact the Department of Highway Safety and Motor Vehicles, or the appropriate agency of the state of registration, if known, within 24 hours through the medium of electronic communications, giving the full description of the vehicle or vessel. Upon receipt of the full description of the vehicle or vessel, the department must search its files to determine the owner's name, the insurance company insuring the vehicle or vessel, and whether any person has filed a lien upon the vehicle or vessel as provided in s. 319.27(2) and (3) and notify the applicable law enforcement agency within 72 hours. The person in charge of the towing service, garage,

repair shop, or automotive service, storage, or parking place must request such information from the applicable law enforcement agency within 5 days after the date of storage and must provide the information to the approved third-party service in order to transmit notices as required under subsection (16). The department may release the insurance company information to the requestor ~~notwithstanding s. 627.736~~.

(c) The notice of lien must be sent by an approved third-party service by certified mail to the registered owner, the insurance company insuring the vehicle ~~notwithstanding s. 627.736~~, and all other persons claiming a lien thereon within 5 business days, excluding a Saturday, Sunday, or federal legal holiday, after the date of storage of the vehicle or vessel. The notice must state all of the following:

1. If the claim of lien is for a vehicle, the last 8 digits of the vehicle identification number of the vehicle subject to the lien, or, if the claim of lien is for a vessel, the hull identification number of the vessel subject to the lien, clearly printed in the delivery address box and on the outside of the envelope sent to the registered owner and all other persons claiming an interest in or lien on the vehicle or vessel.

2. The name, physical address, and telephone number of the lienor, and the entity name, as registered with the Division of Corporations, of the business where the towing and storage

occurred, which must also appear on the outside of the envelope sent to the registered owner and all other persons claiming an interest in or lien on the vehicle or vessel.

3. The fact of possession of the vehicle or vessel.

4. The name of the person or entity that authorized the lienor to take possession of the vehicle or vessel.

5. That a lien as provided in paragraph (2)(b) is claimed.

6. That charges have accrued and include an itemized statement of the amount thereof.

7. That the lien is subject to enforcement under law and that the owner or lienholder, if any, has the right to initiate judicial proceedings as set forth in subsection (5).

8. That any vehicle or vessel that remains unclaimed, or for which the charges for recovery, towing, or storage services remain unpaid, may be sold free of all prior liens 35 days after the vehicle or vessel is stored by the lienor if the vehicle or vessel is an older model or 57 days after the vehicle or vessel is stored by the lienor if the vehicle or vessel is a newer model.

9. The address at which the vehicle or vessel is physically located.

Section 59. Paragraph (a) of subsection (1), paragraph (c) of subsection (7), paragraphs (a), (b), and (c) of subsection (8), and subsections (9) and (10) of section 817.234, Florida Statutes, are amended to read:

817.234 False and fraudulent insurance claims.—

(1)(a) A person commits insurance fraud punishable as provided in subsection (11) if that person, with the intent to injure, defraud, or deceive any insurer:

1. Presents or causes to be presented any written or oral statement as part of, or in support of, a claim for payment or other benefit pursuant to an insurance policy or a health maintenance organization subscriber or provider contract, knowing that such statement contains ~~any~~ false, incomplete, or misleading information concerning any fact or thing material to such claim;

2. Prepares or makes any written or oral statement that is intended to be presented to an ~~any~~ insurer in connection with, or in support of, any claim for payment or other benefit pursuant to an insurance policy or a health maintenance organization subscriber or provider contract, knowing that such statement contains ~~any~~ false, incomplete, or misleading information concerning any fact or thing material to such claim;

3.a. Knowingly presents, causes to be presented, or prepares or makes with knowledge or belief that it will be presented to an ~~any~~ insurer, a purported insurer, a servicing corporation, an insurance broker, or an insurance agent, or any employee or agent thereof, ~~any~~ false, incomplete, or misleading information or a written or oral statement as part of, or in support of, an application for the issuance of, or the rating

of, any insurance policy, or a health maintenance organization subscriber or provider contract; or

b. Knowingly conceals information concerning any fact material to such application; or

4. Knowingly presents, causes to be presented, or prepares or makes with knowledge or belief that it will be presented to any insurer a claim for payment or other benefit under medical payments coverage in a motor vehicle ~~a personal injury protection~~ insurance policy if the person knows that the payee knowingly submitted a false, misleading, or fraudulent application or other document when applying for licensure as a health care clinic, seeking an exemption from licensure as a health care clinic, or demonstrating compliance with part X of chapter 400.

(7)

~~(c) An insurer, or any person acting at the direction of or on behalf of an insurer, may not change an opinion in a mental or physical report prepared under s. 627.736(7) or direct the physician preparing the report to change such opinion; however, this provision does not preclude the insurer from calling to the attention of the physician errors of fact in the report based upon information in the claim file. Any person who violates this paragraph commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.~~

(8)(a) It is unlawful for any person intending to defraud

any other person to solicit or cause to be solicited any business from a person involved in a motor vehicle accident for the purpose of making, adjusting, or settling motor vehicle tort claims or claims for benefits under medical payments coverage in a motor vehicle insurance policy ~~personal injury protection benefits required by s. 627.736~~. Any person who violates ~~the provisions of~~ this paragraph commits a felony of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084. A person ~~who is~~ convicted of a violation of this subsection shall be sentenced to a minimum term of imprisonment of 2 years.

(b) A person may not solicit or cause to be solicited any business from a person involved in a motor vehicle accident by any means of communication other than advertising directed to the public for the purpose of making motor vehicle tort claims or claims for benefits under medical payments coverage in a motor vehicle insurance policy ~~personal injury protection benefits required by s. 627.736,~~ within 60 days after the occurrence of the motor vehicle accident. Any person who violates this paragraph commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(c) A lawyer, health care practitioner as defined in s. 456.001, or owner or medical director of a clinic required to be licensed pursuant to s. 400.9905 may not, at any time after 60 days have elapsed from the occurrence of a motor vehicle

accident, solicit or cause to be solicited any business from a person involved in a motor vehicle accident by means of in person or telephone contact at the person's residence, for the purpose of making motor vehicle tort claims or claims for benefits under medical payments coverage in a motor vehicle insurance policy ~~personal injury protection benefits required by s. 627.736~~. Any person who violates this paragraph commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(9) A person may not organize, plan, or knowingly participate in an intentional motor vehicle crash or a scheme to create documentation of a motor vehicle crash that did not occur for the purpose of making motor vehicle tort claims or claims for benefits under medical payments coverage in a motor vehicle insurance policy ~~personal injury protection benefits as required by s. 627.736~~. Any person who violates this subsection commits a felony of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084. A person ~~who is~~ convicted of a violation of this subsection shall be sentenced to a minimum term of imprisonment of 2 years.

(10) A licensed health care practitioner ~~who is~~ found guilty of insurance fraud under this section for an act relating to a motor vehicle ~~personal injury protection~~ insurance policy must lose ~~loses~~ his or her license to practice for 5 years and may not receive reimbursement under medical payments coverage in

a motor vehicle insurance policy ~~for personal injury protection benefits~~ for 10 years.

Section 60. For the 2025-2026 fiscal year, the sum of $83,651 in nonrecurring funds is appropriated from the Insurance Regulatory Trust Fund to the Office of Insurance Regulation for the purpose of implementing this act. This section shall take effect July 1, 2025.

Section 61. Except as otherwise expressly provided in this act and except for this section, which shall take effect upon this act becoming a law, this act shall take effect July 1, 2026.

HB 1431

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 1431	**COMPANION BILL:** CS/SB 1658 (Collins)
TITLE: Pub. Rec./Uniform Mitigation Verification Inspection Forms	**LINKED BILLS:** HB 1429 Fabricio
SPONSOR(S): Chaney	**RELATED BILLS:** None

Committee References

Insurance & Banking ➤ Government Operations ➤ Commerce

SUMMARY

Effect of the Bill:

The bill creates a public records exemption for the electronic submissions of the uniform mitigation verification form and the policyholder's identifying information contained therein.

Fiscal or Economic Impact:

None

Extraordinary Vote Required for Passage:

The bill requires a two-thirds vote of the members present and voting in both houses of the Legislature for final passage.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill creates a public records exemption for the electronic filings of the uniform mitigation verification inspection forms ("forms") and associated data, including the policyholder's:

- Identities;
- Telephone numbers,
- E-mail addresses;
- Insurance companies; and
- Insurance policy numbers. (Section 1).

In support of this exemption, the bill provides a public necessity statement as required by the Florida Constitution. Therein, the bill cites to repercussions of disclosing identifying information contained in the forms. (Section 2).

Further, the bill:

- Provides that, pursuant to the Open Government Sunset Review Act, this exemption will be automatically repealed on October 2, 2030, unless reviewed and saved from repeal through legislative reenactment. (Section 1).
- Provides an effective date of July 1, 2025. (Section 3).

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Public Records

Article 1, section 24 of the Florida Constitution sets forth the state's public policy regarding access to government records, generally guaranteeing every person a right to inspect or copy any public record of the legislative, executive, and judicial branches of government. Similarly, ch. 119, F.S., generally guarantees every person a right to inspect and copy any state, county, or municipal record.

Public Records Exemption

The Florida Constitution authorizes the Legislature to provide by general law an exemption from public records requirements; in other words, the Legislature may provide that a specific record, or a portion thereof, is not subject to the access requirements of s. 119.07(1), F.S., or article I, section 24, of the Florida Constitution.[1] However, the bill creating the exemption must pass by a two-thirds vote of each chamber and state with specificity the public necessity justifying the exemption.[2] Further, the exemption itself may be no broader than necessary to accomplish the law's stated public purpose.[3]

Open Government Sunset Review Act

The Open Government Sunset Review Act[4] ("Act") provides that a public records exemption may be created, revised, or maintained only if it serves an identifiable public purpose and the "Legislature finds that the purpose is sufficiently compelling to override the strong public policy of open government and cannot be accomplished without the exemption."[5] An identifiable public purpose is served if the exemption:

- Allows the state or its political subdivisions to effectively and efficiently administer a governmental program, which administration would be significantly impaired without the exemption;
- Protects sensitive personal information that, if released, would be defamatory or would jeopardize an individual's safety; however, only the identity of an individual may be exempted under this provision; or
- Protects trade or business secrets.[6]

Further, pursuant to the Act, a new public record exemption or substantial amendment of an existing public record exemption is automatically repealed on October 2nd of the fifth year following enactment, unless the Legislature reenacts the exemption.[7]

Discounts for Hurricane Mitigation

Florida law promotes mitigation by requiring insurers to offer premium discounts for properties with certain wind-resistant features (such as fortified roofs, window protection, etc.). S. 627.711, F.S. requires that insurers notify policyholders about available hurricane mitigation discounts and accept a Uniform Mitigation Verification Inspection Form as proof of a home's mitigation features.

Currently, the identifying information contained in the form is not exempt under public records law.

OTHER RESOURCES:

Uniform Mitigation Verification Inspection Form

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[1] Art. I, s. 24(c), Fla. Const.; s. 119.011(8), F.S.
[2] Art. I, s. 24(c), Fla. Const.; art. X, s. 12(e), Fla. Const.
[3] Art. I, s. 24(c), Fla. Const.
[4] S. 119.15, F.S.
[5] S. 119.15(6)(b), F.S.
[6] *Id.*
[7] S. 119.15(3), F.S.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee			Hamon	Schenk
Government Operations Subcommittee				
Commerce Committee				

A bill to be entitled

An act relating to public records; amending s. 627.711, F.S.; providing exemptions from public records requirements for insureds' uniform mitigation verification inspection forms and associated data entered into the Office of Insurance Regulation database; providing for future legislative review and repeal of the exemptions; providing a statement of public necessity; providing a contingent effective date.

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

Section 1. Paragraph (e) of subsection (2) of section 627.711, Florida Statutes, as amended by HB 1429 or similar legislation, 2025 Regular Session, is redesignated as paragraph (f), and a new paragraph (e) is added to that subsection to read:

627.711 Notice of premium discounts for hurricane loss mitigation; uniform mitigation verification inspection form.—

(2)

(e)1. The electronic filings and the associated data entered into the database under paragraph (d), including the policyholders' identities, telephone numbers, e-mail addresses, insurance companies, and insurance policy numbers, are

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

confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution.

2. This paragraph is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and shall stand repealed on October 2, 2030, unless reviewed and saved from repeal through reenactment by the Legislature.

Section 2. The Legislature finds that it is a public necessity that a statewide uniform mitigation verification inspection form submitted electronically, which reveals the policyholder's name, identity, telephone number, e-mail address, insurance company, and insurance policy number be confidential and exempt from s. 119.07(1), Florida Statutes, and s. 24(a), Article I of the State Constitution. Uniform mitigation verification inspection forms reveal critical personal identifying information regarding policyholders and, in aggregate, can be used to identify information claimed as a trade secret pursuant to s. 624.4213, Florida Statutes. Disclosing identifying information contained in uniform mitigation verification inspection forms significantly undermines the privacy of policyholders and can result in the release of otherwise exempt trade secret information protections claimed by insurers. Pervasive use of the Internet and related technologies abet those with malicious purposes in exploiting the use of personal identifying information within uniform mitigation verification inspection forms, creating ever-

expanding threats to privacy and security never envisioned in generations past. The establishment of a statewide database to be operated by the Office of Insurance Regulation will lead to a single repository with a vast amount of identifying information. Furthermore, the public disclosure of such information could hinder the effective and efficient administration of the database. Therefore, the Legislature finds that it is a public necessity to make exempt from public records requirements identifying information contained in the uniform mitigation verification inspection form electronic submissions.

Section 3. This act shall take effect on the same date that HB 1429 or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.

INSURANCE & BANKING SUBCOMMITTEE

HB 1431 by Rep. Chaney
Pub. Rec./Uniform Mitigation Verification Inspection Forms

AMENDMENT SUMMARY
April 2, 2025

Amendment 1 by Rep. Chaney (Line 27): The amendment clarifies that electronic filings and associated data entered into the uniform mitigation verification database may be released to another governmental entity to support that entity's official duties and responsibilities.

Amendment No.1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	__	(Y/N)
ADOPTED AS AMENDED	__	(Y/N)
ADOPTED W/O OBJECTION	__	(Y/N)
FAILED TO ADOPT	__	(Y/N)
WITHDRAWN	__	(Y/N)
OTHER	_____	

Committee/Subcommittee hearing bill: Insurance & Banking Subcommittee

Representative Chaney offered the following:

Amendment

Remove line 27 and insert:

of the State Constitution. The filings and data may be released to another governmental entity in furtherance of that entity's official duties and responsibilities.

PCS for HB 881

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: PCS for HB 881	**COMPANION BILL:** SB 1428 (DiCegile)
TITLE: Insurance	**LINKED BILLS:** None
SPONSOR(S): Insurance & Banking Subcommittee	**RELATED BILLS:** None

Committee References

Orig. Comm.: Insurance & Banking

SUMMARY

Effect of the Bill:

The bill:

- Defines "sufficient evidence" for precluding bad faith actions against liability insurers.
- Authorizes the Florida Department of Law Enforcement (FDLE) to process background checks for insurance personnel.
- Requires fair, documented affiliate compensation; mandates fee-for-service model by July 2026; requires the Office of Insurance Regulation (OIR) approval for payments, dividends, and capital transfers to affiliates.
- Requires all affiliate payments to comply with new standards.
- Requires public adjusters to respond to claim status requests within 14 days.
- Requires annual reports and disclosures for policyowners.
- Updates definitions, surplus and bond requirements for reciprocal insurers; regulates subscriber contributions, savings accounts, and distributions.
- Requires independent subscriber committees with election and oversight duties.
- Repeals outdated provisions; updates merger/conversion procedures.
- Requires reciprocal insurers to maintain unearned premium reserves.

Fiscal or Economic Impact:

The bill will have an indeterminate fiscal impact.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Bad Faith

The bill defines "sufficient evidence" for the purpose of precluding bad faith actions against liability insurers. "Sufficient evidence" must include written or photographic evidence of personal or property injury, such as accident reports, photos, medical or repair bills, or receipts. If an insurer believes the evidence is insufficient, it must object in writing within 10 business days or waive the objection. The claimant then has 10 business days to clarify or provide more evidence. This change clarifies what constitutes "sufficient evidence" necessary to trigger the start of the time period within which the insurer must tender payment to avoid bad faith. (Section 1).

Background Checks

The bill authorizes the FDLE to accept and process fingerprints and exchange criminal history records for individuals involved in the insurance industry. The bill requires background checks for a wide range of persons associated with insurers or insurance-related entities, including organizers, officers, employees, contractors, and others who may influence or control insurance operations. Fingerprints must be submitted to the OIR or an authorized vendor and will be processed by both the FDLE and the Federal Bureau of Investigation. The results of the background checks will be used by the OIR to determine whether individuals meet eligibility requirements for

licensure, certification, or authority to operate under the Florida Insurance Code. The bill also provides procedures for submission, retention, and cost responsibilities associated with fingerprint processing and background checks. (Section 2).

Affiliate Transaction Oversight

The bill provides increased regulatory oversight of financial transactions between insurers and affiliated entities, including managing general agents (MGAs), attorneys in fact, and reciprocal insurers. The bill applies to any insurer that contracts with or makes payments to such entities and establishes requirements to ensure those payments are fair, reasonable, and in the insurer's best interest.

The bill defines key terms, including "affiliated entity," which broadly includes affiliates, MGAs, attorneys in fact, and reciprocal insurers involved in compensation or contractual arrangements with the insurer.

The bill requires insurers to submit documentation to the OIR demonstrating that all fees, commissions, or payments to affiliated entities are fair and reasonable for each service provided. The OIR must evaluate this using specified factors, including the actual cost of services, financial condition of the parties, debt levels, dividends or payments exchanged, and whether the contract terms benefit the insurer.

For all agreements in effect on July 1, 2025, insurers must report by October 1, 2025, the costs incurred by affiliates, amounts charged to the insurer, and any fees forgiven or reimbursed over the past two years. If charges exceed costs, insurers must justify how the fees are fair and reasonable. New contracts after that date must include similar documentation before becoming effective.

Beginning July 1, 2026, all compensation arrangements must follow a fee-for-service model, meaning fixed or hourly rates for itemized services. Compensation may not be based on commissions, premium volume, underwriting profits, or financial performance of the insurer. Dividends or other financial arrangements with affiliates are still allowed but must be separately reviewed and approved by the OIR.

The bill also provides that:

- All agreements with affiliated entities must include a termination clause and may not exceed three years without undergoing review and reapproval by the OIR.
- The OIR must be notified at least 30 days in advance before an insurer pledges capital or assets to an affiliate, and the OIR may prohibit such arrangements if not in the insurer's best interest.
- During a declared emergency, the OIR may issue orders restricting transfers of funds to affiliates without prior approval, for up to 90 days, with extensions allowed.
- All dividends paid to affiliates, regardless of relationship, must be approved by the OIR.
- The OIR may recover improper transfers, including those made in violation of approved arrangements or while the insurer was undercapitalized.

Finally, the bill authorizes the OIR to impose penalties for violations of these requirements and requires the Financial Services Commission to adopt rules to implement these provisions. (Section 3).

Application of Dividend Requirements to Affiliated Entities

The bill expands dividend restrictions and requirements currently applicable to domestic stock insurers to include application to affiliated entities. Additionally, the bill requires that any approval of a dividend, distribution, or other financial arrangement comply with the affiliate transaction oversight provisions created in the bill. (Section 7).

Authority Over Affiliate Dividends

The bill gives the OIR express oversight and regulatory authority over dividends and other financial arrangements paid to affiliates. The bill prohibits the declaration or distribution of such payments without prior approval from the OIR. It also requires that all affiliate dividends and financial arrangements comply with the affiliate transaction oversight provisions created in the bill. The bill authorizes the OIR to impose penalties for unauthorized transactions and directs the OIR to adopt rules to implement the section. (Section 8).

Affiliate Compensation Compliance
The bill requires that affiliate compensation arrangements comply with the provisions created in the bill, in addition, to the existing requirement that such payments be fair and reasonable. (Section 4).

Reciprocal affiliates
The bill specifies that the attorney in fact of a reciprocal insurer is considered an affiliated entity of the reciprocal for purposes of section 624.10, F.S., and the affiliated entity provisions created in the bill apply to reciprocal affiliates. (Section 11).

Public Adjusters
The bill requires public adjusters to respond to claim status requests within 14 days. (Section 5).

Universal Life Insurance Policies
The bill establishes annual reporting requirements and policy disclosures for universal life insurance policies issued in Florida. It defines key terms such as "universal life insurance policy[1]," "policy value[2]," "net cash surrender value[3]," and distinguishes between fixed-premium[4] and flexible-premium policies.[5]

The bill requires insurers to provide policyowners with a free, annual status report that includes specific information such as policy values, credited and debited amounts, outstanding loans, current death benefits, and net cash surrender value. The report must also include warnings when the policy's value is projected to be insufficient to keep the policy in force, either until the next reporting period or until contract maturity, depending on the type of policy.

These requirements apply to all universal life insurance policies issued in the state, excluding variable contracts as defined in s. 627.8015, F.S. (Section 6).

Reciprocal Insurers
The bill modifies the definition of a reciprocal insurer to include two new classes: assessable reciprocal insurers and non-assessable reciprocal insurers. (Section 9).

Assessable and Non-Assessable Reciprocal Insurers
The bill amends the surplus funds required for a reciprocal insurer, with such requirements differing based on whether the reciprocal is assessable or non-assessable. Current law requires reciprocal insurers to have $750,000 in expendable surplus when first authorized, and to maintain $250,000 in surplus funds. Under the bill:

- Assessable reciprocal insurers must have and maintain surplus funds of at least $3 million to transact insurance.
- Non-assessable reciprocal insurers are subject to the surplus required under 624.408, F.S., for a domestic stock insurer authorized to transact like kinds of insurance. (Section 10).

Attorney in Fact Bond
The bill increases the bond amount required for an attorney in fact of a domestic reciprocal insurer from $100,000 to $300,000 and clarifies that the bond must be in favor of the state for the benefit of all persons damaged by a breach of the bond conditions. (Section 12).

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[1] Universal life insurance policy means any individual life insurance policy, rider, group master policy, or individual certificate, under the provisions of which separately identified interest credits and mortality and expense charges are made to the policy. The policy, rider, or certificate does not apply to policies, riders, group master policies, or individual certificates in connection with dividend accumulations, premium deposit funds, or other supplementary accounts. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by a rider.
[2] Policy value means the value of any individual life insurance policy, rider, group master policy, or individual certificate, under the provisions of which separately identified interest credits, other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts, and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by a rider.
[3] Net cash surrender value means the maximum amount payable to the policyowner upon surrender.
[4] Fixed-premium universal life insurance policy means a universal life insurance policy other than a flexible-premium universal life insurance policy.
[5] Flexible-premium universal life insurance policy means a universal life insurance policy that allows the policyowner to vary, independently of each other, the amount of timing of one or more premium payments or the amount of insurance.

Subscriber Advisory Committee
The bill revises the structure and governance requirements for subscribers' advisory committees[6] of reciprocal insurers. It requires each reciprocal insurer to establish a subscribers' advisory committee that represents the interests of its subscribers, with governing rules and any amendments subject to approval by the OIR.

The bill expands the committee's duties to include supervising the insurer's operations for compliance with all governing documents and authorizes the committee to hire independent professionals at the insurer's expense. The initial committee must be appointed by the original subscribers or the attorney in fact.

At least two-thirds of the committee must be independent subscribers who are not affiliated with the attorney in fact. These members must be elected by the subscribers within six months of the insurer receiving its certificate of authority. The bill also requires reciprocal insurers with more than 50 subscribers to provide a platform that enables subscribers to communicate with one another about the election process. (Section 17).

Subscriber Contributions
The bill authorizes reciprocal insurers to require subscriber contributions[7] in addition to premiums, subject to prior approval by the OIR. The bill requires reciprocal insurers to clearly disclose such contributions on the declarations page of the policy and to provide subscribers with an annual report detailing how each dollar of the contribution was allocated or spent. (Section 13).

Subscriber contributions may not exceed 2 percent of each individual subscribers' policy premium for a nonassessable reciprocal insurer and 10 percent of each individual subscribers' policy premium for an assessable reciprocal insurer. Subscriber contributions are allowed as assets for the purposes of determining the reciprocal's financial condition, except that any premium deposits delinquent for 90 days will first be charged against such subscriber contributions. (Section 18).

Subscriber Savings Accounts
The bill authorizes reciprocal insurers to establish subscriber savings accounts[8] and sets requirements for their use and disclosure. The bill requires insurers to inform subscribers in writing about limitations, restrictions, distribution procedures, and calculation methods. Additionally, the bill requires that advertisements disclose limitations and provides that, upon policy cancellation or nonrenewal, subscribers are entitled to the funds in their accounts unless otherwise restricted by law, contract, or regulatory order. (Section 14).

Subscriber Distributions
The bill authorizes to make distributions[9] to subscribers from their subscriber savings accounts. The subscribers' advisory committee shall have sole authority to authorize distributions, subject to prior the OIR approval. Any reciprocal that otherwise authorizes distributions but prohibits subscribers from receiving distributions for a specified period of time, including after initial subscription, must renew the subscriber's policy for that period of time plus 1 additional policy year. This does not prohibit the cancellation or nonrenewal of a policy pursuant to 624.4133, F.S., or by the OIR order.

The bill provides that a reciprocal insurer may return to its subscribers any unused premiums, savings, or credits accruing to their accounts. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes.

[6] Subscribers' advisory committee means the committee of a domestic reciprocal insurer which is formed in compliance with s. 629.201 and represents the interests of the subscribers.
[7] Subscriber contribution means any transfer of money by a subscriber of a reciprocal insurer to the reciprocal insurer in excess of the premium approved by the office, when such money is counted as surplus for the reciprocal insurer or used to pay surplus notes.
[8] Subscriber savings account means any account in which a reciprocal insurer assigns money for the benefit of an individual subscriber, other than accounts holding money for the payment of a specific claim by or settlement of a specific legal dispute with that individual subscriber.
[9] Distribution means any transfer of money from the reciprocal insurer to subscribers other than for the payment of a claim, settlement of a legal dispute, or return of principle.

The bill provides that a domestic reciprocal insurer may, upon prior written OIR approval, pay to its subscribers a portion of unassigned funds of up to 10 percent of surplus, with distribution limited to 50 percent of net income from the previous calendar year. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes. (Section 15).

Annual Statement
The bill specifies that the annual statement procured by the subscribers advisory committee must be an audited annual statement of the accounts and records of the insurer and the attorney in fact. The bill provides that:

- The insurer's statement must be prepared by an independent auditor at the insurer's expense, and made available for inspection by any subscriber, and filed by the attorney in fact.
- The statement of the attorney in fact must be prepared by an independent auditor at the expense of the attorney in fact, and filed with the annual statement of the reciprocal. (Section 16).

Repealed Provisions Related to Reciprocal Insurers
The bill repeals several provisions of ch. 629, F.S., relating to reciprocal insurers, including

- 629.271, F.S. This section is effectively replaced by the bill's subscriber distributions provision. (Section 19).
- 629.401, F.S. Removes a cross reference to a repealed statute. (Section 22 and 25).
- 629.520, F.S. (Section 23).

Merger or Conversion
The bill makes two technical changes regarding reciprocal insurers merger or conversion.

- The Financial Services Commission, rather than the OIR, will provide the appropriate legal forms for merging reciprocals or conversion into a stock or mutual insurer.
- Clarifies language in statute to make it clearer that the provision is applicable in the case of either merger or conversion. (Section 20).

Impaired Reciprocal Insurers
The bill clarifies that the OIR issues the order for the attorney in fact to make up a deficiency or levy an assessment and specifies that, upon liquidation, the receiver shall levy assessments on subscribers to cover all liabilities, including liquidation costs, subject to any limits in the power of attorney, the policy, or ch. 629, F.S. (Section 21).

Unearned Premium Reserve
The bill creates s. 629.56, F.S., to require reciprocal insurers to maintain an unearned premium reserve at all times in accordance with section 625.051, F.S. (Section 24)

Compliance Deadlines for Existing Reciprocal Insurers
The bill provides that reciprocal insurers licensed before July 1, 2025, must comply with the new subscribers' advisory committee requirements in s. 629.201, F.S., by July 1, 2026, and with the new unearned premium reserve requirements in s. 629.56, F.S., by July 1, 2027. (Section 26).

Except as expressly provided otherwise, the bill takes effect July 1, 2025. (Section 27).

RULEMAKING:

The bill grants rulemaking authority to the OIR to implement the affiliate transaction oversight provisions created by the bill, and requires rulemaking to implement s. 628.372, F.S., relating to dividends and financial arrangements with affiliates.

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

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill will have an indeterminate fiscal impact.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Regulation of Insurance in Florida

The Office of Insurance Regulation (OIR) regulates specified insurance products, insurers and other risk bearing entities in Florida.[10] As part of their regulatory oversight, the OIR may suspend or revoke an insurer's certificate of authority under certain conditions.[11] The OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.[12] As part of the examination process, all persons being examined must make available to the OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.[13] The OIR is also authorized to conduct market conduct examinations to determine compliance with applicable provisions of the Insurance Code.[14]

Insurance companies that transact insurance in Florida or that have offices located in the state are required to obtain a certificate of authority (COA) issued by the OIR pursuant to s. 624.401, F.S. These companies, referred to as authorized or admitted insurers,[15] are broadly regulated by the OIR under the Insurance Code as to reserves, surplus as to policyholders, solvency, rates and forms, market conduct, permissible investments, and affiliate relationships.[16] Authorized insurers are also required to participate in a variety of government mandated insurance programs and pay assessments levied by state guaranty funds in the event of insurer insolvencies.[17]

Bad Faith in Insurance

Insurance is a contract between an insurance company ("insurer") and the insurance policy's beneficiary ("the insured"), in which, for specified consideration called a "premium," the insurer agrees to pay the insured or third-party claimants for covered losses.[18] An insurer generally owes two significant contractual duties to its insured in exchange for premium payments: the duty to indemnify and the duty to defend.[19]

- The "duty to indemnify" refers to the insurer's obligation to issue payment to the insured on a valid claim.[20] For example, an insured may purchase a policy requiring the insurer to replace the insured's vehicle in the event of a car accident. If a covered accident then occurs, causing the insured's vehicle to be destroyed, the duty to indemnify requires the insurer to replace the insured's vehicle.
- The "duty to defend" refers to the insurer's duty to defend the insured in court against a third party with respect to a covered claim.[21] For example, an insured may purchase a liability policy in the event the insured causes a car accident and injuries a third party. If a covered accident then occurs, causing injury to

[10] s. 20.121(3)(a), F.S. The Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, serves as agency head of the Office of Insurance Regulation for purposes of rulemaking. Further, the Financial Services Commission appoints the commissioner of the Office of Insurance Regulation.
[11] s. 624.418, F.S.
[12] s. 624.316(1)(a), F.S.
[13] s. 624.318(2), F.S.
[14] s. 624.3161, F.S.
[15] An "authorized" or "admitted" insurer is one duly authorized by a COA to transact insurance in this state.
[16] The Insurance Code consists of chs. 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S.
[17] For example, Florida licensed direct writers of property and casualty insurance must be members of the Florida Insurance Guaranty Association, which handles the claims of insolvent insurers under part II of ch. 631, F.S., and insurers offering workers' compensation coverage in Florida must be members of the Florida Workers' Compensation Insurance Guaranty Association, which provides payment of covered clander part V of ch. 631, F.S.
[18] 16 Williston on Contracts s. 49:103 (4th ed.).
[19] *Id.*
[20] *Id.*
[21] *Id.*

a third-party claimant who sues the insured, the duty to defend requires the insurer to defend the insured against the claimant's lawsuit.

Insurer's Common Law and Statutory Duties
Florida courts, in applying the common law, recognize that an insurer owes its insured a duty of good faith in negotiating settlements with third-party claimants.[22] There is also a statutory duty of good faith codified in s. 624.155, F.S. Under that provision, a statutory bad faith claim may arise where the insurer:

- Does not attempt in good faith to settle claims when, under all the circumstances, it could and should have done so;
- Makes claim payments without a statement identifying the applicable coverage; or
- Fails to promptly settle a claim under one portion of the policy to influence settlement under another portion.

Florida courts have interpreted an insurer's obligation to "act fairly" towards its insured, holding that when the insured's liability is clear and an excess judgment[23] is likely due to the resulting damage, the insurer has an affirmative duty to initiate settlement negotiations with third-party claimants.[24] If settlement fails, the insurer has the burden of showing that there was no realistic possibility of settling the claim within the policy limits.[25]

However, failure to settle a claim, without more, does not necessarily mean that an insurer has acted in bad faith, as liability may be unclear or the damages may be minimal. Further, courts have generally indicated that merely negligently failing to settle a claim does not rise to the level of bad faith, though a jury may consider negligence in the larger context of whether bad faith occurred.[26]

First-Party vs. Third-Party Bad Faith Claims
There are two general types of bad faith claims: "first-party" claims and "third-party" claims.

- A "first-party" bad faith claim is a claim filed by the insured against his or her own insurer; these claims typically involve allegations that the insurer improperly denied the insured coverage under the policy, underpaid a covered claim, or delayed payment without adequate justification.[27]
- A "third-party" bad faith claim arises when the insured is exposed to liability to a third party; such a claim, which may be brought by either the insured or the third party, typically arises when:
    - An insurer fails to settle in good faith a third party's claim against the insured within the policy limits;
    - There is serious injury to the third-party claimant; and
    - The policy limits are minimal, thus exposing the insured to an excess judgment.[28]

Legislative Reforms – HB 837 (2023)
In 2023, HB 837 amended s. 624.155, F.S., to clarify that mere negligence is not sufficient to constitute bad faith and established that the insured, third-party claimant, and any representative of either have a duty to act in good faith when furnishing claim information, making demands, setting deadlines, or attempting to settle.[29] The judge or jury (trier of fact) may consider a failure to act in good faith by any of these parties and may reasonably reduce damages awarded against the insurer accordingly.[30]

Additionally, HB 837 established a safe harbor from bad faith liability in liability insurance claims. An insurer is not liable for bad faith under either statute or common law if it tenders the lesser of the policy limits or the amount

[22] *Mut. Indemnity Co. v. Shaw,* 184 So. 852 (Fla. 1938).
[23] An "excess judgment" is a judgment in an amount over and above the insurance policy's coverage limits, which amount is paid out of the insured's own pocket.
[24] *Powell v. Prudential Prop. and Cas. Ins. Co.*, 584 So. 2d 12, 14 (Fla. 3d DCA 1991).
[25] *Id.* at 14.
[26] *See DeLaune v. Liberty Mut. Ins. Co.*, 314 So. 2d 601, 603 (Fla. 4th DCA 1975).
[27] The Florida Senate, *Interim Report 2012-132: Insurance Bad Faith* (Nov. 2011), https://www.flsenate.gov/publishedcontent/session/2012/interimreports/2012-132ju.pdf (last visited March. 24, 2025).
[28] *Id.*
[29] ch. 2023-15, Laws of Fla.
[30] *Id*.

demanded by the claimant within 90 days after receiving actual notice of the claim along with sufficient evidence to support the amount. If the insurer does not tender within the 90-day period, the following applies:

- The existence of the safe harbor period and the fact that no bad faith action would have accrued had payment been tendered are inadmissible in a subsequent bad faith action; and
- The applicable statute of limitations is extended by 90 days.[31]

HB 837 further provided that if multiple third-party claimants present competing claims arising out of a single occurrence that may exceed the insured's policy limits, the insurer is not liable beyond those limits if, within 90 days, it either:

- Files a lawsuit (interpleader action) under the Florida Rules of Civil Procedure; or
- Agrees to binding arbitration and makes the full policy limits available for distribution before a mutually selected arbitrator, at the insurer's expense.[32]

Bad Faith Claim Pre-Suit Notice Requirement

To bring a statutory bad faith claim under s. 624.155, F.S., whether first-party or third-party, a plaintiff must first give the insurer 60 days' written notice of the claim by filing a civil remedy notice with Department of Financial Services (DFS).[33] The insurer then has 60 days from receiving notice from DFS to either pay the damages or correct the circumstances giving rise to the bad faith claim, and the statutory cause of action does not accrue until the 60-day "cure" period has run without the insurer taking such steps.[34] Where the insurer timely pays the damages or otherwise corrects the circumstances giving rise to the bad faith claim, no statutory bad faith lawsuit may be brought.[35]

If a plaintiff brings a third-party common law bad faith claim, by contrast, there is no statutory pre-suit notice requirement; thus, the insurer cannot avoid a third-party bad faith lawsuit by paying the damages or curing the circumstances giving rise to the claim within the statutory cure period. However, after HB 837 (2023), the claimant now has the right to offer the insurer an opportunity to cure.

Filing a Bad Faith Claim

Generally, a bad faith cause of action does not accrue until the underlying contractual claim is resolved.[36] In a first-party context, this means the insured must prevail on their coverage claim before bringing a bad faith suit. In a third-party context, the action usually accrues only after an excess judgment is entered against the insured.[37]

Indefiniteness About What Constitutes Bad Faith

Florida law does not precisely define "bad faith," and the determination is generally a question of fact for the jury, based on the totality of the circumstances.[38] Courts have noted that insurer liability must be based on more than a failure to settle or negligence—there must be conduct showing a lack of fair dealing or failure to give due regard to the insured's interests.[39]

Florida Department of Law Enforcement

The Florida Department of Law Enforcement (FDLE) is a state agency created in 1969 to provide investigative, forensic, and criminal justice services in support of Florida's law enforcement community.[40] FDLE operates under the direction of the Florida Cabinet and maintains its headquarters in Tallahassee, with regional operations

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[31] *Id.*
[32] ch. 2023-15, Laws of Fla.
[33] s. 624.155(3)(a), F.S.
[34] s. 624.155(3)(c), F.S.; *Talat Enterprises, Inc. v. Aetna Cas. & Sur. Co.,* 753 So. 2d 1278, 1284 (Fla. 2000).
[35] s. 624.155(3)(c), F.S.
[36] *Blanchard v. State Farm Mut. Auto. Ins. Co.*, 575 So. 2d 1289, 1291 (Fla. 1991).
[37] *Id.*
[38] *Berges v. Infinity Ins. Co.*, 896 So. 2d 665 (Fla. 2004).
[39] *See* DeLaune v. Liberty Mut. Ins. Co., 314 So. 2d 601, 603 (Fla. 4th DCA 1975) (holding that negligence alone does not amount to bad faith); *Macola v. Gov't Emps. Ins. Co.*, 953 So. 2d 451, 458 (Fla. 2007) (explaining that payment of policy limits after a civil remedy notice does not bar a common law bad faith claim); *Blanchard v. State Farm Mut. Auto. Ins. Co.*, 575 So. 2d 1289, 1291 (Fla. 1991) (bad faith action does not accrue until coverage and damages are determined); *Berges v. Infinity Ins. Co.*, 896 So. 2d 665, 680 (Fla. 2004) (bad faith is assessed under the totality of the circumstances and requires fair and honest treatment of the insured's interests).
[40] s. 943.03, F.S.

throughout the state. FDLE's mission is to promote public safety and strengthen domestic security by providing services to local, state, and federal agencies.[41]

FDLE is responsible for processing criminal history background checks and fingerprint submissions for a wide range of professions and regulatory programs, including those involving licensure and employment eligibility.[42] The agency is authorized to exchange fingerprint data with the United States Department of Justice as part of national criminal history checks.[43]

As part of Florida's oversight of the insurance industry, the FDLE provides access to criminal history information to noncriminal justice agencies, such as the Department of Financial Services (DFS), for use in evaluating insurance licensure applications.[44] Individuals applying for licenses—such as insurance agents, adjusters, and other regulated professionals—must submit to fingerprint-based background screenings.[45] Fingerprints must be submitted electronically through a LiveScan vendor approved by FDLE.[46] FDLE processes the fingerprints and transmits the results to the appropriate licensing authority, typically DFS, to determine the applicant's eligibility.[47]

Division of Insurance Agent and Agency Services

The DFS Division of Insurance Agent and Agency Services is responsible for the licensing and regulation of insurance agents, adjusters, insurance agencies, as well as related personnel and business entities.[48]

No person may be, act as, or advertise, or hold himself/herself out to be an insurance agent, insurance adjuster, or customer representative unless he or she is currently licensed by DFS and appointed by an appropriate appointing entity or person.[49] There are several types of insurance representatives. These include:

- General lines agents,
- Life insurance agents,
- Health insurance agents,
- Title insurance agents,
- Personal lines agents,
- Unaffiliated insurance agents, and
- Managing general agents.[50]

Life Insurance

Part III of chapter 627, Florida Statutes, governs life insurance and annuity contracts.[51] "Life insurance" refers to insurance on human lives and includes the issuance of annuity contracts.
Life insurance may:

- Provide a death benefit to an individual's beneficiaries;
- Allow survivors to pay off debts and other expenses; and
- Serve as a source of income to replace earnings lost due to the insured's death.[52]

There are two primary types of life insurance:

- Term life insurance, which provides coverage for a specified period and is generally less expensive; and
- Permanent life insurance, which provides lifelong coverage and may build cash value over time. Variations of permanent life insurance include universal life insurance, which is commonly marketed by life insurance companies and includes a savings component.[53]

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[41] FDLE, *Mission Statement*, https://www.fdle.state.fl.us (last visited April 1, 2025).
[42] S. 943.053, F.S.
[43] S. 943.054, F.S.
[44] S. 943.053(3)(a), F.S.
[45] S. 626.171(4), F.S.
[46] Florida Department of Financial Services, *Fingerprinting Information*, https://www.myfloridacfo.com/division/agents/licensing/agents-and-adjusters/fingerprinting-information. (last visited on April 2, 2025).
[47] *Id.*
[48] Ch. 626, parts I, II, III, IV, V, VI, VIII, IX, and XIII, F.S.
[49] S. 626.112, F.S.
[50] S. 626.015, F.S.
[51] S. 624.602(1), F.S.
[52] Florida Office of Insurance Regulation, *Life Insurance*, https://flOIR_.com/life-health/life (last visited April 1, 2025).
[53] *Id.*

Universal Life Insurance

Universal life insurance is a type of permanent life insurance that offers lifetime coverage as long as premiums are paid.[54] It includes a cash value component and allows policyholders to adjust the amount and timing of premium payments and the death benefit, subject to policy terms and tax law limitations.[55]

Policyholders may choose between interest-sensitive policies and those with guaranteed interest rates. Interest-sensitive policies allow policyholders to accept some investment risk in exchange for the possibility of higher returns. If the cash value becomes underfunded, the policyholder may need to make increased premium payments to maintain coverage.[56]

Universal life insurance can be used to meet evolving financial obligations, such as those related to marriage, raising a family, or estate planning.[57]

Managing General Agents

Some insurers operate within a holding company system that includes a managing general agent (MGA).[58] An MGA is a specialized type of insurance agent or broker that has underwriting authority from an insurer.[59] MGAs can perform certain functions that insurers typically handle, including binding coverage, underwriting and pricing, agent appointments, and claims adjusting and settlement.[60] An MGA may be an affiliate of an insurer. Section 624.10(1), F.S., defines an affiliate as an entity that exercises control over or is directly or indirectly controlled by an insurer. MGAs must enter into contracts with the insurers they do business with, including those that are affiliates—that is, entities that control or are controlled by the insurer.[61] These contracts must specify the division of responsibilities between the insurer and the MGA.[62]

There is currently no statutory limit on the duration of these contracts.

Examination of Insurers and MGAs

The OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.[63] The OIR's examination authority extends to MGAs.[64]

As part of the examination process, all persons being examined must make available to the OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.[65] As part of an examination, the OIR reviews contracts between insurers and MGAs, so that it can determine how much an insurer is paying its MGA and what services the insurer is receiving for the fee it pays. The scope of the examination of an insurer's affiliates in a holding company system is limited to information reasonably necessary to ascertain an insurer's financial condition.

Reciprocal Insurers

Reciprocal insurance exchanges are a form of insurance organization in which businesses and individuals exchange insurance contracts and spread the risks associated with such contracts among themselves.[66] Policyholders of a

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[54] https://www.investopedia.com/terms/u/universallife (last visited April 1, 2025).
[55] *Id.*
[56] S. 627.6562(1), F.S.
[57] *Id.*
[58] *See* s. 628.801, F.S. An "insurance holding company system" consists of two or more affiliated persons, one or more of which is an insurer.
[59] S. S. 626.015(16)(a), F.S., *see also*, International Risk Management Institute, https://www.irmi.com/term/insurance-definitions/managing-general-agent (last visited Mar. 28, 2025);
[60] *Id.*
[61] S. 626.7451, F.S.
[62] *Id.*
[63] s. 624.316(1)(a), F.S.
[64] *Id.;* S. 626.7452, F.S.
[65] s. 624.318(2), F.S.
[66] Julia Kagan and Eric Estevez, *Reciprocal Insurance Exchange: Definition, How It Works, Example* (last updated Sep. 28, 2023), Investopedia, https://www.investopedia.com/terms/r/reciprocal-insurance-exchange.asp (last visited Mar. 28, 2024).

reciprocal insurance exchange are known as "subscribers."[67] A reciprocal insurer operates through a common representative known as the attorney in fact, who manages the day-to-day business and executes insurance contracts on behalf of all subscribers.[68] The authority of the attorney in fact is granted through a power of attorney agreement signed by each subscriber.[69]

Chapter 629, Florida Statutes, governs the regulation of reciprocal insurers in Florida. A reciprocal insurer may transact any type of insurance authorized under the Florida Insurance Code, except title insurance. Reciprocal insurers must be licensed by the OIR and are subject to financial and operational requirements, including annual reporting and minimum surplus standards.[70]

Reciprocal insurers are required to maintain an unearned premium reserve. This reserve represents the unearned portion of gross premiums on in-force policies and must be calculated using a method approved by the OIR. [71]

Reciprocal insurers are subject to surplus requirements based on their structure.[72] Assessable reciprocal insurers must maintain a minimum surplus of $250,000. Nonassessable reciprocals are required to maintain the same surplus as domestic stock insurers and, when first authorized, must also hold an expendable surplus of at least $750,000.[73]

Typically, an advisory board manages a reciprocal insurance company.[74] The board is responsible for choosing and monitoring the attorney-in-fact, approving rates, and providing oversight of the operations of the reciprocal.[75]

Reciprocal insurers are also governed by a subscribers' advisory committee**,** which represents the interests of the subscribers and is responsible for oversight of the attorney in fact and insurer operations. The advisory committee must be selected under rules adopted by the subscribers and approved by the OIR.[76] Not less than two-thirds of the committee must consist of subscribers who are not the attorney in fact or any person employed by, representing, or having a financial interest in the attorney in fact.[77] The committee must:

- Supervise the finances of the insurer;
- Supervise the insurer's operations to such extent as to assure conformity with the subscribers' agreement and power of attorney;
- Procure the audit of the accounts and records of the insurer and of the attorney at the expense of the insurer; and
- Have such additional powers and functions as may be conferred by the subscribers' agreement.[78]

Impaired Reciprocal Insurers

If a reciprocal insurer becomes impaired—meaning it is unable to meet its obligations or maintain required surplus—the Department of Financial Services may initiate rehabilitation or liquidation proceedings under ch. 631, F.S., including potential rehabilitation under s. 631.051, F.S.**,** or liquidation under s. 631.061, F.S. [79]

Mergers Involving Reciprocal Insurers

Reciprocal insurers may merge or consolidate under Part III of Chapter 628, F.S.**,** with approval from the Office of Insurance Regulation. The unique governance structure of reciprocals, including the attorney in fact and subscribers' advisory committee, must be considered in any proposed transaction.[80]

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[67] *Id.*
[68] Verstein, *supra* note 4 at 264.
[69] *Id.* at 251.
[70] S. 629.041(1), F.S. Such an insurer may purchase reinsurance and may grant reinsurance as to any kind of insurance it is authorized to transact directly. *See* s. 629.041(2), F.S.
[71] s. 625.051, F.S.
[72] S. 629.071, F.S.
[73] *Id.*
[74] S. 629.041(1), F.S. Such an insurer may purchase reinsurance and may grant reinsurance as to any kind of insurance it is authorized to transact directly. *See* s. 629.041(2), F.S.
[75] *Id.*
[76] s. 629.201(1), F.S.
[77] s. 629.201(2), F.S.
[78] s. 629.201(3), F.S.
[79] s. 629.301, F.S.

Payments to Affiliates

Each insurer doing business in Florida that pays a fee, commission, or other financial consideration or payment to any affiliate is required to provide, upon request of the OIR, any information the OIR deems necessary. The fee, commission, or other financial consideration or payment to any affiliate must be fair and reasonable. In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the OIR must consider, among other things, the actual cost of the service being provided.[81]

Public Adjusters

Florida law defines a public adjuster as someone who, for something of value, directly or indirectly, prepares, completes, or files an insurance claim for an insured or third-party claimant, or who, for something of value, acts on behalf of, or aids, an insured or third-party claimant in settling a claim for loss or damage covered by an insurance contract, or who advertises for employment as an adjuster of such claims.[82] In general, a claimant executes a contract for the public adjuster to provide claims adjusting services.[83]

Stock vs. Mutual Insurers

In order to transact insurance in this state, the Florida Insurance Code ("Code") states that a certificate of authority is required.[84] To qualify for and hold authority to transact insurance in this state, an insurer must be in compliance with the Code and its charter powers, and must be an incorporated stock insurer, an incorporated mutual insurer, or a reciprocal insurer.

The distinction between stock and mutual insurers is governed by part I, ch. 628, F.S.

- *Stock insurers* are defined as "incorporated insurers with its capital divided into shares and owned by its stockholders," and pay dividends to their stockholders, subject to specified surplus minimums and the OIR's approval.[85]
- *Mutual insurers*, on the other hand, are "incorporated insurers without permanent capital stock, the governing body of which is elected in accordance with this part," and pay dividends to their policyholders, who are members of the insurer.[86]

In other words, stock insurers are investor-owned, while mutual insurers are owned by their policyholders. Mutual insurers may apply to demutualize to become a stock insurer, and stock insurers may apply to convert to a mutual insurer, subject to the OIR's approval.

Dividends to Stockholders

Florida law permits domestic stock insurers to distribute dividends[87] to stockholders under certain conditions. Dividends may only be paid out of available and accumulated surplus funds that are derived from realized net operating profits and realized capital gains.[88]

Without prior approval from OIR, a domestic stock insurer may pay dividends within specific thresholds, such as a percentage of surplus or recent net income. These thresholds include, for example, the lesser of 10 percent of surplus or net gain from operations for life and health insurers, or net income for property and casualty insurers.[89] Certain carryforward provisions may also apply depending on the type of insurer.

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[80] s. 629.111, F.S.
[81] S. 624.424(13), F.S.
[82] s. 626.854, F.S., Public adjusters are regulated under ch. 626, part VI, F.S.
[83] *Id.*
[84] S. 624.401, F.S. The Florida Insurance Code consists of chs. 624, 632, 634, 635, 636, 641, 642, 648, and 651, F.S
[85] Ss. 628.021and 628.371, F.S.
[86] Ss. 628.431 and 628.441, F.S.
[87] A *dividend* is a distribution of a portion of an insurer's accumulated profits or surplus to its shareholders. In the case of a domestic stock insurer, dividends are typically paid in cash and represent a return on the shareholders' investment. Dividends must comply with statutory limitations to ensure that the insurer maintains sufficient surplus to meet its obligations to policyholders and maintain financial stability.
[88] s. 628.371(1), F.S.
[89] s. 628.371(2), F.S.

Alternatively, insurers may pay a dividend without prior approval if the dividend meets specific criteria, such as not exceeding the greater of 10 percent of surplus or the entire net operating profits and realized capital gains from the preceding calendar year. After the dividend is paid, the insurer must retain surplus of at least 115 percent of the minimum required statutory surplus, and it must file notice with OIR at least 10 business days before payment.[90]

The OIR may disapprove any dividend or distribution that exceeds the statutory limits if it determines that the payment would jeopardize the financial condition of the insurer, considering factors such as asset quality, liquidity, premium-to-surplus ratios, and investment income. [91]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: Insurance & Banking Subcommittee			Hamon	Herrera

[90] s. 628.371(3)(b), F.S.
[91] s. 628.371(4), F.S.

A bill to be entitled

An act relating to insurance; amending s. 624.155, F.S.; defining the term "sufficient evidence"; providing procedures and timelines for objecting, and responding to the objections, to the sufficiency of evidence submitted by claimants to insurers; creating s. 624.341, F.S.; providing legislative findings and intent; requiring the Department of Law Enforcement to accept certain fingerprints; specifying procedures for fingerprinting; authorizing the department to exchange certain records with the Office of Insurance Regulation; specifying that fingerprints must be submitted in accordance with certain rules; authorizing that the fingerprints be submitted through a third-party vendor authorized by the department; requiring the department to conduct certain background checks; requiring that certain fingerprints be submitted and entered into a specified system; requiring the office to inform the department of any person whose fingerprints no longer must be retained; specifying who bears the costs of fingerprint processing; specifying that certain criminal records must be used by the office for certain purposes; creating s. 624.347, F.S.; providing definitions; providing applicability; establishing standards for

compensation arrangements and oversight of affiliate transactions involving insurers, managing general agents, and attorneys in fact; providing penalties; requiring the office to adopt rules; amending s. 624.424, F.S.; specifying requirements for affiliate compensation arrangements; removing requirements that the office consider a specified factor in determining whether certain affiliate considerations and payments by an insurer are fair and reasonable; amending s. 626.854, F.S.; requiring public adjusters, public adjuster apprentices, and public adjusting firms to respond to requests for claims' statuses within a specified timeframe; creating s. 627.4823, F.S.; providing definitions; providing reporting requirements relating to universal life insurance policies; providing applicability; amending s. 628.371, F.S.; defining the term "affiliated entity"; applying provisions on prohibitions against, limitations on, and authority of insurers relating to dividend payments and distributions to stockholders to affiliated entities; providing requirements for certain approvals of dividends, distributions, and other financial arrangements; creating s. 628.372, F.S.; providing authority of the office over affiliate dividends; providing penalties; requiring the office

to adopt rules; amending s. 629.011, F.S.; revising and providing definitions; amending s. 629.071, F.S.; authorizing assessable and nonassessable reciprocal insurers, rather than domestic reciprocal insurers, to transact insurance if they maintain specified amounts of surplus funds; creating s. 629.082, F.S.; providing that attorneys in fact of reciprocal insurers are affiliated entities for certain purposes; amending s. 629.121, F.S.; providing that certain bonds filed with the office as security are filed by attorneys in fact, rather than attorneys, of domestic reciprocal insurers; increasing the bond amount; amending s. 629.181, F.S; replacing surplus deposits of subscribers with subscriber contributions; providing limits on subscriber contributions; creating s. 629.162, F.S.; authorizing reciprocal insurers to require subscriber contributions; providing disclosure and reporting requirements for subscriber contributions; creating s. 629.163, F.S.; authorizing reciprocal insurers to establish subscriber savings accounts; providing construction; providing requirements for subscriber savings accounts; creating s. 629.164, F.S.; authorizing reciprocal insurers to make distributions to subscribers from subscriber savings accounts; granting to subscribers' advisory

committees sole authority to authorize distributions, subject to prior written approval by the office; providing requirements for reciprocal insurers that prohibit subscribers from receiving distributions for a specified period of time; providing construction; authorizing reciprocal insurers to return to subscribers unused premiums, savings, and credits accruing to their accounts; authorizing domestic reciprocal insurers to pay to their subscribers portions of unassigned funds; providing distribution limits; prohibiting distribution discrimination; providing requirements for distributions and other financial arrangements; amending s. 629.171, F.S.; revising requirements for filing with the office annual statements by reciprocal insurers; providing requirements for filing annual statements of the accounts and records of attorneys in fact; amending s. 629.201, F.S.; requiring that each domestic reciprocal insurer have a subscribers' advisory committee; requiring that such committee be formed in compliance with specified laws; requiring that rules and amendments adopted by subscribers have prior approval of the office; revising subscribers' advisory committees' duties and membership; providing for election and terms; requiring that attorneys in fact

provide a communication platform to subscribers under certain circumstances; repealing s. 629.271, F.S., relating to distribution of savings; amending s. 629.291, F.S.; providing that forms filed with the office for plans to merge a reciprocal insurer with another reciprocal insurer or to convert a reciprocal insurer to a stock or mutual insurer are adopted by the Financial Services Commission rather than the office; amending s. 629.301, F.S.; specifying the manner in which impaired reciprocal insurers are proceeded against if they cannot make up deficiencies in assets; specifying the manner in which assessments are levied upon subscribers if reciprocal insurers are liquidated; providing that assessments are subject to specified limits; repealing ss. 629.401 and 629.520, F.S., relating to insurance exchange and the authority of a limited reciprocal insurer, respectively; creating s. 629.56, F.S.; requiring reciprocal insurers to maintain unearned premium reserves at all times; amending s. 624.45, F.S.; conforming a provision to changes made by the act; providing applicability timelines; providing effective dates.

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

Section 1. Paragraph (a) of subsection (4) of section 624.155, Florida Statutes, is amended to read:

624.155 Civil remedy.—

(4)(a)1. An action for bad faith involving a liability insurance claim, including any such action brought under the common law, may ~~shall~~ not lie if the insurer tenders the lesser of the policy limits or the amount demanded by the claimant within 90 days after receiving actual notice of a claim which is accompanied by sufficient evidence to support the amount of the claim.

2. For purposes of this paragraph, the term "sufficient evidence" means written or photographic evidence submitted to the insurer which indicates that the claimant has suffered personal injury or property damage. Evidence that may satisfy this requirement includes, but is not limited to:

a. Accident reports.

b. Photographs of an accident scene, physical injuries, or property damage.

c. Medical bills.

d. Repair bills.

e. Other receipts or copies of payments rendered.

3. If an insurer does not believe that the submitted evidence is sufficient evidence, the insurer must provide a written notice of objection within 10 business days after receipt of the submitted evidence; otherwise, any objection to

the sufficiency of the evidence for purposes of this paragraph is waived. The submitting party has an additional 10 business days after receipt of a written notice of objection to provide clarification or submit further evidence.

Section 2. Section 624.341, Florida Statutes, is created to read:

624.341 Authority of Department of Law Enforcement to accept fingerprints of, and exchange criminal history records with respect to, certain persons applying to the Office of Insurance Regulation.—

(1) The Legislature finds that criminal activity of insurers poses a particular danger to the residents of this state. Floridians rely, in good faith, on the honest conduct of those who issue and manage insurance policies and other insurance instruments in this state. To safeguard this state's residents, the Legislature finds it necessary to ensure that organizers, incorporators, subscribers, officers, employees, contractors, affiliates, stockholders, directors, owners, members, managers, or volunteers of, or any other persons who exercise or have the ability to exercise effective control of, or who influence or have the ability to influence the transaction of the business of, or any other persons involved, directly or indirectly, in the organization, operation, or management of any insurer that is authorized to sell insurance do not have a criminal background.

(2) The Department of Law Enforcement shall accept and process fingerprints of organizers, incorporators, subscribers, officers, employees, contractors, affiliates, stockholders, directors, owners, members, managers, or volunteers involved, directly or indirectly, in the organization, operation, or management of:

(a) Any insurer or proposed insurer transacting or proposing to transact insurance in this state.

(b) Any other entity that is examined or investigated or that is eligible to be examined or investigated under the Florida Insurance Code.

(c) Any other person or entity subject to licensure under the Florida Insurance Code.

(3) A full set of fingerprints of persons described in subsection (2) must be submitted to the office or to a vendor, an entity, or an agency authorized by s. 943.053(13). The office, vendor, entity, or agency shall forward the fingerprints to the Department of Law Enforcement for state processing, and the Department of Law Enforcement shall forward the fingerprints to the Federal Bureau of Investigation for national processing as described in s. 624.34. Fees for state and federal fingerprint processing must be borne by the person submitting the fingerprints. The state cost for fingerprint processing is as provided in s. 943.053(3)(e).

(4) The Department of Law Enforcement may, to the extent

provided by federal law, exchange state, multistate, and federal criminal history records with the office for the purpose of issuance, denial, suspension, or revocation of a certificate of authority, certification, or license to operate in this state.

(5) Fingerprints for each person described in subsection (2) must be submitted in accordance with rules adopted by the commission.

(a) Fingerprints may be submitted through a third-party vendor authorized by the Department of Law Enforcement.

(b) The Department of Law Enforcement shall conduct the state criminal history background check, and a federal criminal history background check shall be conducted through the Federal Bureau of Investigation.

(c) All fingerprints submitted to the Department of Law Enforcement must be submitted and entered into the statewide automated biometric identification system established in s. 943.05(2)(b) and available for use in accordance with s. 943.05(2)(g) and (h). The office shall inform the Department of Law Enforcement of any person whose fingerprints are no longer required to be retained.

(d) The costs of fingerprint processing, including the costs of retaining the fingerprints, must be borne by the person subject to the background checks.

(e) The office shall review the results of the state and federal criminal history background checks and determine whether

the applicant meets the requirements for the certificate of authority, certification, or license to operate in this state.

(6) Statewide criminal records obtained through the Department of Law Enforcement, federal criminal records obtained through the Federal Bureau of Investigation, and local criminal records obtained through local law enforcement agencies must be used by the office for the purpose of issuance, denial, suspension, or revocation of certificates of authority, certifications, or licenses to operate in this state.

Section 3. Section 624.347, Florida Statutes, is created to read:

624.347 Affiliate transactions; managing general agents; attorneys in fact; oversight.—

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

(a) "Affiliated entity" means any affiliate. The term includes a managing general agent, attorney in fact, and reciprocal insurer when acting in a capacity that involves compensation or contractual arrangements with the insurer.

(b) "Attorney in fact" has the same meaning as in s. 629.011.

(c) "Managing general agent" has the same meaning as in s. 626.015.

(d) "Reciprocal insurer" has the same meaning as in s. 629.011.

(2) APPLICABILITY.—This section applies to any insurer

that contracts with or makes payments to an affiliated entity.

(3) COMPENSATION ARRANGEMENTS WITH AFFILIATED ENTITIES.—

(a) Each insurer doing business in this state which pays, directly or indirectly, a fee, commission, or other financial consideration or payment to any affiliated entity must provide to the office documentation demonstrating that such fee, commission, or other financial consideration or payment is fair and reasonable for each service being provided. In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the office must consider all of the following:

1. The actual cost of each service provided by the affiliated entity.

2. The relative financial condition of the insurer and the affiliated entity.

3. The level of debt and how that debt is serviced.

4. The amount and purpose of any dividends or other payments exchanged between the insurer and any affiliated entity, including payments made to or received from the affiliated entity, and any payments between affiliated entities.

5. Whether the terms of the written contract benefit the insurer and are in the best interest of the insurer.

6. Any other information as the office reasonably requires in making the determination.

(b) For each agreement with an affiliated entity in force

on July 1, 2025, each insurer shall provide to the office no later than October 1, 2025, the cost incurred by the affiliated entity to provide each service, the dollar amount charged to the insurer for each service, and the dollar amount of fees forgiven, waived, or reimbursed by the affiliated entity for the 2 most recent preceding years. If the total dollar amount charged to the insurer was greater than the total cost to provide services for either year, the insurer must explain how it determined the fee was fair and reasonable. For any proposed contract with an affiliated entity effective after July 1, 2025, the insurer must provide documentation to support that the fee, commission, or other financial consideration or payment to the affiliated entity is fair and reasonable.

(c)1. All compensation arrangements between an insurer and any affiliated entity entered into on or after July 1, 2026, must be structured as fee for service. As used in this subparagraph, the term "fee for service" means fixed amounts or hourly rates for itemized services.

2. Compensation may not be based on:

a. Commission;

b. Premium volume;

c. Underwriting profit; or

d. Financial results of the insurer.

(d) This subsection does not prohibit an insurer from paying a dividend or other financial arrangement to an

affiliated entity if such dividend or financial arrangement is separately reviewed and approved by the office pursuant to this section, s. 628.372, or any other applicable law.

(e) An agreement between an insurer and an affiliated entity must include a termination clause and may not exceed a term of 3 years. Any extension of such an agreement must be approved by the office before becoming effective. An agreement between an insurer and an affiliated entity may include provisions for extension, but may not remain in effect for longer than 3 years without a review pursuant to paragraph (a) and approval by the office. If the agreement provides for extension, the agreement must clearly state that the extension is subject to approval by the office at least every 3 years.

(4) EMERGENCY RESTRICTIONS.—

(a) During a declared emergency, the office may issue orders restricting fund transfers from an insurer to an affiliated entity without prior approval.

(b) Orders under paragraph (a) may apply to all or specified insurers and may not exceed 90 days unless extended by the office.

(5) ADDITIONAL OVERSIGHT.—

(a) Any dividend paid by an insurer to an affiliated entity must be reviewed and approved by the office, regardless of whether the affiliated entity is the insurer's parent, subsidiary, or otherwise related entity.

(b) The office may recover improper affiliated entity payment transfers, including, but not limited to, both of the following:

1. Transfers that violate the approved compensation, approved dividend, or any other approved financial arrangement.

2. Transfers made while the insurer was undercapitalized.

(c) An insurer must provide notice to the office at least 30 days before any pledge of capital or assets to any affiliated entity for a loan or financial obligation. Such notice must include a description of the collateral, the nature of the obligation, and the parties involved. The office may reject and prohibit the pledge if such financial arrangement is not in the best interest of the insurer.

(6) ENFORCEMENT.—

(a) The office may impose penalties for violations of this section.

(b) The office shall adopt rules to implement this section.

Section 4. Subsection (13) of section 624.424, Florida Statutes, is amended to read:

624.424 Annual statement and other information.—

(13) Each insurer doing business in this state which pays a fee, commission, or other financial consideration or payment to any affiliate directly or indirectly is required upon request to provide to the office any information the office deems

necessary. The fee, commission, or other financial consideration or payment to any affiliate must be fair and reasonable. Affiliate compensation arrangements must comply with s. 624.347 and with the requirements of this subsection ~~In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the office shall consider, among other things, the actual cost of the service being provided~~.

Section 5. Subsection (24) is added to section 626.854, Florida Statutes, to read:

626.854 "Public adjuster" defined; prohibitions.—The Legislature finds that it is necessary for the protection of the public to regulate public insurance adjusters and to prevent the unauthorized practice of law.

(24) A public adjuster, public adjuster apprentice, or public adjusting firm shall respond with specific information to a written or electronic request for a claim's status from an insured or claimant or his or her designated representative within 14 days after receipt of the request and shall document the file accordingly.

Section 6. Section 627.4823, Florida Statutes, is created to read:

627.4823 Universal life insurance policies.—

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

(a) "Cash surrender value" means the net cash surrender value, plus any outstanding amounts as policy loans.

(b) "Fixed-premium universal life insurance policy" means a universal life insurance policy other than a flexible-premium universal life insurance policy.

(c) "Flexible-premium universal life insurance policy" means a universal life insurance policy that allows the policyowner to vary, independently of each other, the amount of timing of one or more premium payments or the amount of insurance.

(d) "Net cash surrender value" means the maximum amount payable to the policyowner upon surrender.

(e) "Policy value" means the value of any individual life insurance policy, rider, group master policy, or individual certificate, under the provisions of which separately identified interest credits, other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts, and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by a rider.

(f) "Universal life insurance policy" means any individual life insurance policy, rider, group master policy, or individual certificate, under the provisions of which separately identified interest credits and mortality and expense charges are made to the policy. The policy, rider, or certificate does not apply to policies, riders, group master policies, or individual

certificates in connection with dividend accumulations, premium deposit funds, or other supplementary accounts. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by a rider.

(2)(a) A universal life insurance policy issued in this state must provide that the policyowner will be sent without charge, at least annually, a report that will serve to keep the policyowner advised of the status of the policy. The end date of the current reporting period may not be more than 3 months before the date of the mailing of the report.

(b) The report must include all of the following:

1. The beginning and end dates of the current reporting period.

2. The policy value at the end of the previous reporting period and at the end of the current reporting period.

3. The total amounts, identified by each type, which have been credited or debited to the policy value during the current reporting period.

4. The current death benefit at the end of the current reporting period on each life covered by the policy.

5. The net cash surrender value of the policy as of the end of the current reporting period.

6. The amount of outstanding loans, if any, as of the end of the current reporting period.

7. For a fixed-premium universal life insurance policy,

if, assuming the guaranteed interest, mortality and expense loads, and continued scheduled premium payment, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect in the report.

8. For a flexible-premium universal life insurance policy, if, assuming the guaranteed interest and the mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect in the report.

9. For a fixed-premium or flexible-premium universal life insurance policy, if, assuming the guaranteed interest and the mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the maturity of the contract, the projected date on which policy values will be insufficient to continue coverage in force.

(3) This section applies to all universal life insurance policies except variable contracts as defined in s. 627.8015.

Section 7. Section 628.371, Florida Statutes, is amended to read:

628.371 Dividends to stockholders.—

(1) As used in this section, the term "affiliated entity" has the same meaning as in s. 624.347(1).

(2)~~(1)~~ A domestic stock insurer or an affiliated entity

shall not pay any dividend or distribute cash or other property to stockholders except out of that part of its available and accumulated surplus funds which is derived from realized net operating profits on its business and net realized capital gains.

(3) ~~(2)~~ Dividend payments or distributions to stockholders, without prior written approval of the office, shall not exceed the larger of:

(a) The lesser of 10 percent of surplus or net gain from operations (life and health companies) or net income (property and casualty companies), not including realized capital gains, plus a 2-year carryforward for property and casualty companies;

(b) Ten percent of surplus, with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains;

(c) The lesser of 10 percent of surplus or net investment income (net gain before capital gains for life and health companies) plus a 3-year carryforward (2-year carryforward for life and health companies) with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains.

(4) ~~(3)~~ In lieu of ~~the provisions in~~ subsection (3) ~~(2)~~, an insurer or an affiliated entity may pay a dividend or make a distribution without the prior written approval of the office when:

(a) The dividend is equal to or less than the greater of:

1. Ten percent of the insurer's or the affiliated entity's surplus as to policyholders derived from realized net operating profits on its business and net realized capital gains; or

2. The insurer's or the affiliated entity's entire net operating profits and realized net capital gains derived during the immediately preceding calendar year; ~~and~~

(b) The insurer or the affiliated entity will have surplus as to policyholders equal to or exceeding 115 percent of the minimum required statutory surplus as to policyholders after the dividend or distribution is made; ~~and~~

(c) The insurer or the affiliated entity has filed notice with the office at least 10 business days before ~~prior to~~ the dividend payment or distribution, or such shorter period of time as approved by the office on a case-by-case basis. Such notice shall not create a right in the office to approve or disapprove a dividend otherwise properly payable hereunder; and

(d) The notice includes a certification by an officer of the insurer or the affiliated entity attesting that after payment of the dividend or distribution the insurer or the affiliated entity will have at least 115 percent of required statutory surplus as to policyholders.

(5)~~(4)~~ The office shall not approve a dividend or distribution in excess of the maximum amount allowed in subsection (2) ~~(1)~~ unless, considering the following factors, it determines that the distribution or dividend would not

jeopardize the financial condition of the insurer or the affiliated entity:

(a) The liquidity, quality, and diversification of the insurer's assets and the effect on its ability to meet its obligations.

(b) Reduction of investment portfolio and investment income.

(c) Effects on the written premium to surplus ratios as required by the Florida Insurance Code.

(d) Industrywide financial conditions.

(e) Prior dividend distributions of the insurer or the affiliated entity.

(f) Whether the dividend is only a "pass-through" dividend from a subsidiary of the insurer or the affiliated entity.

(6) ~~(5)~~ A dividend or distribution by a not-for-profit insurance company subsidiary to its mutual insurance holding company, directly or indirectly through one or more intermediate holding companies, pursuant to part III of this chapter, which meets the requirements of this section and which applies to a stock insurer, is permitted under this section.

(7) Approval of a dividend, distribution, or other financial arrangement under this section must comply with the requirements of s. 624.347.

Section 8. Section 628.372, Florida Statutes, is created to read:

628.372 Authority over affiliate dividends.—

(1) The office has oversight and regulatory authority over the issuance of dividends or other financial arrangements paid to an affiliate.

(2) There may be no declaration or distribution of such dividends or other financial arrangements without prior approval of the office.

(3) Dividends and other financial arrangements must comply with the requirements of s. 624.347.

(4) Any unauthorized dividend, distribution, or other financial arrangement may result in penalties determined by the office.

(5) The office must adopt rules to implement this section.

Section 9. Subsection (5) of section 629.011, Florida Statutes, is amended, and subsections (6), (7), and (8) are added to that section, to read:

629.011 Definitions.—As used in this part, the term:

(4) "Distribution" means any transfer of money from the reciprocal insurer to subscribers other than for the payment of a claim, settlement of a legal dispute, or return of principle.

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

(a) An assessable reciprocal insurer is a reciprocal

insurer that is able to levy an assessment on its subscribers to make up any shortfall in capital and surplus to cover claims and expenses as specified in s. 629.231.

(b) A nonassessable reciprocal insurer is a reciprocal insurer authorized under s. 629.091(3) or s. 629.291(5) to issue policies where there is no recourse against subscribers for any shortfall in capital and surplus to cover claims and expenses.

(7) "Subscriber contribution" means any transfer of money by a subscriber of a reciprocal insurer to the reciprocal insurer in excess of the premium approved by the office, when such money is counted as surplus for the reciprocal insurer or used to pay surplus notes.

(8) "Subscriber savings account" means any account in which a reciprocal insurer assigns money for the benefit of an individual subscriber, other than accounts holding money for the payment of a specific claim by or settlement of a specific legal dispute with that individual subscriber.

(9) "Subscribers' advisory committee" means the committee of a domestic reciprocal insurer which is formed in compliance with s. 629.201 and represents the interests of the subscribers.

Section 10. Section 629.071, Florida Statutes, is amended to read:

629.071 Surplus funds required.—

(1) An assessable ~~A domestic~~ reciprocal insurer ~~hereunder formed~~, if it has otherwise complied with the applicable

provisions of this code, may be authorized to transact insurance if it has and thereafter maintains surplus funds of not less than $3 million ~~$250,000~~.

(2) A nonassessable reciprocal insurer, if it has otherwise complied with the applicable provisions of this code, may be authorized to transact insurance if it has and thereafter maintains a surplus as to policyholders which is equal to that required under s. 624.408 for a domestic stock insurer authorized to transact like kinds of insurance ~~In addition to the surplus required to be maintained under subsection (1), the insurer shall have, when first so authorized, an expendable surplus of not less than $750,000~~.

Section 11. Section 629.082, Florida Statutes, is created to read:

629.082 Reciprocal affiliates.—The attorney in fact of a reciprocal insurer is an affiliated entity of the reciprocal insurer for purposes of ss. 624.10 and 624.347.

Section 12. Section 629.121, Florida Statutes, is amended to read:

629.121 Attorney in fact ~~Attorney's~~ bond.—

(1) Concurrently with the filing of the declaration provided for in s. 629.081, the attorney in fact of a domestic reciprocal insurer shall file with the office a bond in favor of this state for the benefit of all persons damaged as a result of breach by the attorney in fact of the conditions of his or her

bond as set forth in subsection (2). The bond shall be executed by the attorney in fact and by an authorized corporate surety and shall be subject to the approval of the office.

(2) The bond shall be in the sum of $300,000 ~~$100,000~~, aggregate in form, the bond conditioned that the attorney in fact will faithfully account for all moneys and other property of the insurer coming into his or her hands, and that he or she will not withdraw or appropriate to his or her own use from the funds of the insurer any moneys or property to which he or she is not entitled under the power of attorney.

(3) The bond shall provide that it is not subject to cancellation unless 30 days' advance notice in writing of cancellation is given to both the attorney in fact and the office.

Section 13. Section 629.162, Florida Statutes, is created to read:

629.162 Subscriber contributions.—

(1) Reciprocal insurers may, subject to prior approval by the office, require contributions from subscribers in addition to premiums approved by the office.

(2) A reciprocal insurer shall clearly disclose required subscriber contributions on the declarations page of any policy issued by the reciprocal insurer, separate from any cost associated with the premium.

(3) Reciprocal insurers must provide subscribers an annual

report detailing how each dollar of subscriber contributions was allocated or spent.

Section 14. Section 629.163, Florida Statutes, is created to read:

629.163 Subscriber savings accounts.—

(1) Reciprocal insurers may establish subscriber savings accounts.

(2) Moneys assigned to subscriber savings accounts are not considered distributions under s. 629.164.

(3) Subscriber savings accounts are subject to the following requirements:

(a) Reciprocal insurers must inform each subscriber, in writing, of the limitations and restrictions imposed upon the use or possession of moneys assigned to subscriber savings accounts.

(b) Reciprocal insurers must inform each subscriber, in writing, of the procedures used to assign moneys to subscriber savings accounts and any calculations used to determine the amount of moneys to be assigned to subscriber savings accounts.

(c) Advertisements marketing the benefits of subscriber savings accounts must note the limitations and restrictions imposed upon the use or possession of moneys assigned to subscriber savings accounts.

(d) Upon cancellation or nonrenewal of a subscriber's policy or policies, the subscriber is entitled, within 60 days,

to all moneys assigned to the subscriber's savings account, except when such moneys are otherwise allocated by law or contract, or when such assignment is prohibited by order of the office.

Section 15. Section 629.164, Florida Statutes, is created to read:

629.164 Subscriber distributions.—

(1) Reciprocal insurers may make distributions to subscribers from their subscriber savings accounts.

(2) The subscribers' advisory committee has the sole authority to authorize distributions, subject to prior written approval by the office.

(3) Any reciprocal insurer that otherwise authorizes distributions but prohibits subscribers from receiving distributions for a specified period of time, including after initial subscription, must renew the subscriber's policy for that period of time plus 1 additional policy year. This subsection does not prohibit the cancellation or nonrenewal of a policy pursuant to s. 624.4133 or by order of the office.

(4) A reciprocal insurer may return to its subscribers any unused premiums, savings, or credits accruing to their accounts. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes.

(5) In addition to the option provided in subsection (4),

a domestic reciprocal insurer may, upon the prior written approval of the office, pay to its subscribers a portion of unassigned funds of up to 10 percent of surplus, with distribution limited to 50 percent of net income from the previous calendar year. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes.

(6) Distributions and other financial arrangements must comply with the requirements of s. 624.347.

Section 16. Section 629.171, Florida Statutes, is amended to read:

629.171 Annual statement.—

(1) The subscribers' advisory committee shall procure an audited annual statement of the accounts and records of the insurer and the attorney in fact. The statement of the insurer must be prepared by an independent auditor at the expense of the reciprocal insurer and must be available for inspection by any subscriber. The statement of the attorney in fact must be prepared by an independent auditor at the expense of the attorney in fact.

(2) ~~(1)~~ The annual statement filing of a reciprocal insurer must ~~shall~~ be submitted ~~made and filed~~ by its attorney in fact.

(3) ~~(2)~~ The audited statement of the attorney in fact must ~~shall~~ be submitted with the annual statement filing of the

reciprocal insurer, as required under s. 624.424, and supplemented by such information as may be required by the office relative to the affairs and transactions of the attorney in fact relating ~~insofar as they relate~~ to the reciprocal insurer.

Section 17. Section 629.201, Florida Statutes, is amended to read:

629.201 Subscribers' advisory committee.—Each domestic reciprocal insurer must have a subscribers' advisory committee representing the interests of the subscribers.

(1) The subscribers' advisory committee of a domestic reciprocal insurer exercising the subscribers' rights must ~~shall~~ be formed in compliance with this section and ~~selected~~ under such rules as the subscribers adopt. Such rules, along with any amendments, must be approved by the office before becoming effective.

~~(2) Not less than two-thirds of such committee shall be subscribers other than the attorney, or any person employed by, representing, or having a financial interest in the attorney.~~

(2)~~(3)~~ The subscribers' advisory committee shall perform all of the following duties:

(a) Supervise the finances of the insurer.~~;~~

(b) Supervise the insurer's operations to such extent as to ensure ~~assure~~ conformity with the subscribers' agreement, ~~and~~ power of attorney, and other governing documents.~~;~~

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

(c) Hire independent auditors, counsel, and other experts at the expense of the insurer as necessary to fulfill the committee's duties. ~~Procure the audit of the accounts and records of the insurer and of the attorney at the expense of the insurer; and~~

(d) Exercise any ~~Have such~~ additional powers and functions as may be conferred by the subscribers' agreement.

(3) The initial subscribers' advisory committee must be appointed by the original subscribers or the attorney in fact. Within 6 months after the reciprocal insurer is authorized to transact insurance, at least two-thirds of the committee members must be elected as provided for in subsections (4) and (5).

(4) The subscribers' advisory committee must consist of subscribers of the domestic reciprocal insurer. At least two-thirds of the subscribers' advisory committee must be composed of subscribers who are independent of, not employed by, not representing, not selected by, and without any financial interest in the attorney in fact. The independent subscribers must be elected by the subscribers of the domestic reciprocal insurer.

(5) Any rules governing the election of subscribers to the subscribers' advisory committee must require all of the following:

(a) An electorate composed exclusively of all subscribers of the reciprocal insurer.

(b) Terms of not more than 5 years.

(c) A process that allows subscribers to nominate other subscribers for election to the subscribers' advisory committee.

(6) If a reciprocal insurer has more than 50 subscribers, the attorney in fact must provide a platform by which subscribers can communicate with each other regarding the subscribers' advisory committee election process.

Section 18. Subsection (1) of section 629.181, Florida Statutes, is amended to read:

629.181 Financial condition; method of determining.—In determining the financial condition of a reciprocal insurer, the office shall apply the following rules:

(1) Subscriber contributions are ~~The surplus deposits of subscribers shall be~~ allowed as assets, except that any premium deposits delinquent for 90 days must ~~shall~~ first be charged against such subscriber contributions. Subscriber contributions may not exceed 2 percent of each individual subscribers' policy premium for a nonassessable reciprocal insurer and 10 percent of each individual subscribers' policy premium for an assessable reciprocal insurer ~~surplus deposit~~.

Section 19. Section 629.271, Florida Statutes, is repealed.

Section 20. Effective upon this act becoming a law, subsections (1) and (2) of section 629.291, Florida Statutes, are amended to read:

629.291 Merger or conversion.—

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

(2) A plan to merge a reciprocal insurer with another reciprocal insurer or for conversion of the reciprocal insurer to a stock or mutual insurer must be filed with the office on forms adopted by the commission ~~office~~ and must contain such information as the office reasonably requires to evaluate the transaction.

Section 21. Section 629.301, Florida Statutes, is amended to read:

629.301 Impaired reciprocal insurers.—

(1) If the assets of a domestic reciprocal insurer are at any time insufficient to discharge its liabilities, other than any liability on account of funds contributed by the attorney in fact or others, and to maintain the required surplus, its attorney in fact shall forthwith make up the deficiency or levy an assessment upon the subscribers for the amount needed to make up the deficiency, but subject to the limitation set forth in

the power of attorney or policy.

(2) If the attorney in fact fails to make up such deficiency or to make the assessment within 30 days after the office orders the attorney in fact ~~him or her~~ to do so, or if the deficiency is not fully made up within 60 days after the date the assessment was made, the insurer shall be deemed insolvent and shall be proceeded against in the same manner as any other insurer under chapter 631 and the insurance ~~as authorized by this~~ code.

(3) If liquidation of a reciprocal ~~such an~~ insurer is ordered, the receiver shall levy ~~an assessment shall be levied~~ upon the subscribers an assessment for such an amount as the receiver determines to be necessary to discharge all liabilities of the insurer. The liabilities must be~~, subject to limits as provided by this chapter, as the office determines to be necessary to discharge all liabilities of the insurer,~~ exclusive of any funds contributed by the attorney in fact or other persons, but inclusive of ~~including~~ the reasonable cost of the liquidation. The assessment is subject to any limits set forth in the power of attorney, the subscribers' agreement, the policy, or this chapter.

Section 22. Section 629.401, Florida Statutes, is repealed.

Section 23. Section 629.520, Florida Statutes, is repealed.

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

Section 24. Section 629.56, Florida Statutes, is created to read:

629.56 Unearned premium reserves.—A reciprocal insurer must maintain an unearned premium reserve at all times and as required under s. 625.051.

Section 25. Subsection (2) of section 624.45, Florida Statutes, is amended to read:

624.45 Participation of financial institutions in reinsurance and in insurance exchanges.—Subject to applicable laws relating to financial institutions and to any other applicable provision of the Florida Insurance Code, any financial institution or aggregation of such institutions may:

(2) Participate, directly or indirectly, as an underwriting member or as an investor in an underwriting member of any insurance exchange ~~authorized in accordance with s. 629.401~~, which underwriting member transacts only aggregate or specific excess insurance over underlying self-insurance coverage for self-insurance organizations authorized under the Florida Insurance Code, for multiple-employer welfare arrangements, or for workers' compensation self-insurance trusts, in addition to any reinsurance the underwriting member may transact.

Nothing in this section shall be deemed to prohibit a financial institution from engaging in any presently authorized insurance

activity.

Section 26. Reciprocal insurers licensed before July 1, 2025, have until July 1, 2026, to comply with the changes made to subscribers' advisory committees in s. 629.201, Florida Statutes. Reciprocal insurers licensed before July 1, 2025, have until July 1, 2027, to comply with the unearned premium reserve requirements imposed under s. 629.56, Florida Statutes.

Section 27. Except as otherwise expressly provided in this act and except for this section, which shall take effect upon this act becoming a law, this act shall take effect July 1, 2025.

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: PCS for HB 1429	**COMPANION BILL:** CS/SB 1656 (Collins)
TITLE: Insurance Regulations	**LINKED BILLS:** None
SPONSOR(S): Insurance & Banking Subcommittee	**RELATED BILLS:** None

Committee References

Orig. Comm.: Insurance & Banking

SUMMARY

Effect of the Bill:

The bill addresses several matters related to the regulation of insurance in Florida. Specifically, the bill:

- Requires background checks for key insurance personnel and authorizes the Florida Department of Law Enforcement (FDLE) to process fingerprints.
- Requires fair, documented affiliate compensation; mandates fee-for-service model by July 2026; requires the Office of Insurance Regulation (OIR) approval for payments, dividends, and capital transfers to affiliates.
- Requires all affiliate payments to comply with new standards.
- Limits "use and file" rate filings to three per policy period for residential property insurers and one per policy period for private passenger auto insurers.
- Requires consumer-friendly rate transparency reports for property insurers beginning January 1, 2026.
- Requires full rate filings after two years of certification for residential property and private passenger auto.
- Mandates the Office of Insurance Regulation (OIR) to maintain an educational website.
- Provides certain data do not constitute trade secrets qualifying for exemption from public records.
- Overhauls rules for reciprocal insurers, including governance, surplus, and subscriber disclosures.
- Mandates cybersecurity rules for consumer insurance data.
- Allows Citizens policyholders to choose if they want to resolve disputes by arbitration through the Florida Division of Administrative Hearings (DOAH).
- Creates a statewide mitigation inspection database.

Fiscal or Economic Impact:

The bill will have an indeterminate fiscal impact.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill addresses several matters related to the regulation of insurance in Florida, as discussed in detail below.

Background Checks (Section 1).

The bill authorizes the FDLE to accept and process fingerprints and exchange criminal history records for individuals involved in the insurance industry. The bill requires background checks for a wide range of persons associated with insurers or insurance-related entities, including organizers, officers, employees, contractors, and others who may influence or control insurance operations. Fingerprints must be submitted to the OIR or an authorized vendor and will be processed by both the FDLE and the Federal Bureau of Investigation. The results of the background checks will be used by the OIR to determine whether individuals meet eligibility requirements for licensure, certification, or authority to operate under the Florida Insurance Code. The bill also provides procedures for submission, retention, and cost responsibilities associated with fingerprint processing and background checks. (Section 2).

Affiliate Transaction Oversight (Section 2 and Section 3 and Section 11 and Section 12).
The bill provides increased regulatory oversight of financial transactions between insurers and affiliated entities, including managing general agents (MGAs), attorneys in fact, and reciprocal insurers. The bill applies to any insurer that contracts with or makes payments to such entities and establishes requirements to ensure those payments are fair, reasonable, and in the insurer's best interest.

The bill defines key terms, including "affiliated entity," which broadly includes affiliates, MGAs, attorneys in fact, and reciprocal insurers involved in compensation or contractual arrangements with the insurer.

The bill requires insurers to submit documentation to the OIR demonstrating that all fees, commissions, or payments to affiliated entities are fair and reasonable for each service provided. The OIR must evaluate this using specified factors, including the actual cost of services, financial condition of the parties, debt levels, dividends or payments exchanged, and whether the contract terms benefit the insurer.

For all agreements in effect on July 1, 2025, insurers must report by October 1, 2025, the costs incurred by affiliates, amounts charged to the insurer, and any fees forgiven or reimbursed over the past two years. If charges exceed costs, insurers must justify how the fees are fair and reasonable. New contracts after that date must include similar documentation before becoming effective.

Beginning July 1, 2026, all compensation arrangements must follow a fee-for-service model, meaning fixed or hourly rates for itemized services. Compensation may not be based on commissions, premium volume, underwriting profits, or financial performance of the insurer. Dividends or other financial arrangements with affiliates are still allowed but must be separately reviewed and approved by the OIR.

The bill also provides that:
- All agreements with affiliated entities must include a termination clause and may not exceed three years without undergoing review and reapproval by the OIR.
- The OIR must be notified at least 30 days in advance before an insurer pledges capital or assets to an affiliate, and the OIR may prohibit such arrangements if not in the insurer's best interest.
- During a declared emergency, the OIR may issue orders restricting transfers of funds to affiliates without prior approval, for up to 90 days, with extensions allowed.
- All dividends paid to affiliates, regardless of relationship, must be approved by the OIR.
- The OIR may recover improper transfers, including those made in violation of approved arrangements or while the insurer was undercapitalized.

Finally, the bill authorizes the OIR to impose penalties for violations of these requirements and requires the Financial Services Commission to adopt rules to implement these provisions. (Section 2).

Application of Dividend Requirements to Affiliated Entities
The bill expands dividend restrictions and requirements currently applicable to domestic stock insurers to include application to affiliated entities. Additionally, the bill requires that any approval of a dividend, distribution, or other financial arrangement comply with the affiliate transaction oversight provisions created in the bill. (Section 11).

Authority Over Affiliate Dividends
The bill gives the OIR express oversight and regulatory authority over dividends and other financial arrangements paid to affiliates. The bill prohibits the declaration or distribution of such payments without prior approval from the OIR. It also requires that all affiliate dividends and financial arrangements comply with the affiliate transaction oversight provisions created in the bill. The bill authorizes the OIR to impose penalties for unauthorized transactions and directs the OIR to adopt rules to implement the section. (Section 12).

Affiliate Compensation Compliance
The bill requires that affiliate compensation arrangements comply with the provisions created in the bill, in addition to the existing requirement that such payments be fair and reasonable. (Section 3).

Reciprocal affiliates
The bill specifies that the attorney in fact of a reciprocal insurer is considered an affiliated entity of the reciprocal for purposes of section 624.10, F.S., and the affiliated entity. Provisions created in the bill apply to reciprocal affiliates. (Section 16).

Insurance Consumer Data Security (Section 4).

The bill requires covered entities to report data breach incidents to OIR. Covered entities are defined as those acting as insurers, transacting insurance, or otherwise engaging in insurance activities in Florida, including entities licensed under ch. 641, F.S. The bill defines "breach of security" (breach) as unauthorized access of data in electronic form containing personal information. Good faith access of personal information by an employee or agent of the covered entity does not constitute a breach of security, provided that the information is not used for a purpose unrelated to the business or subject to further unauthorized use. The bill specifies that it does not create a private cause of action.

The bill also directs OIR and the Financial Services Commission to adopt rules relating to the cybersecurity of consumer nonpublic insurance data provided that such rules are not more restrictive than the National Association of Insurance Commissioners (NAIC) Data Security Model Law, adopted as of 2017 and amendments thereto. The rules must:

- Apply not only to all entities engaging in insurance activities, but also to any entity that has been contracted to maintain, store, or process personal information on behalf of a covered entity.
- Require the development and implementation of an information security program as defined in the model law.
- Require investigation and notification of a cybersecurity event as required under the model law.
- Require that each insurer submit to the Department of Financial Services or OIR all or part of the information required to be reported to the department or OIR in a computer-readable form compatible with the electronic data processing system of the department or office.
- Require that OIR be copied on any notice provided to the Attorney General under s. 501.171, F.S.

The bill also provides that upon OIR receiving information under this section, it must review the information and may initiate an examination or investigation under s. 624.316, F.S., s. 624.3161, F.S., or s. 626.8828, F.S.

Filing Requirements (Section 5, Section 7, and Section 8).
The bill provides that personal residential property insurers may not submit more than three "use and file" filings affecting policyholders within a single policy period, unless the filing is exclusively related to reinsurance. (Section 5).

The bill provides that a full rate filing is required for residential property and private passenger auto insurance after two consecutive years of certification of the insurer's existing rate by an actuary under s. 627.0645(3)(b), F.S. (Section 7).

The bill provides that motor vehicles insurers may not submit more than one "use and file" filing affecting policyholders within a single policy period. (Section 8).

Residential Property Insurance Rate Transparency Reports (Section 6).
The bill requires every rate filing requesting a rate change for residential property coverage from a property insurer to include a rate transparency report beginning January 1, 2026. Insurers must include such reports with every offer of coverage and renewal to aid consumers. The format for rate transparency reports must be prescribed in a uniform manner by the Financial Services Commission.

The bill provides that the rate transparency report must include the following categories of the book or program at the cumulative level. An estimated percentage of the influence of each listed factor must be provided to equal 100 percent:

- The percentage of the total rate factor associated with the cost of reinsurance;
- The percentage of the total rate factor associated with the cost of claims;

- The percentage of the total rate factor associated with the defense containment and costs;
- The percentage of the total rate factor associated with fees and commissions;
- The percentage of the rate factor associated with profit and contingency of the insurer;
- Any other categories deemed necessary by the office or commission.

The bill requires that the rate transparency report must include:
- Any major adverse findings by the office for the previous three calendar years.
- Whether the insurer uses affiliated entities or perform functions of the insurer.
- Contact information, to include a phone number, hours of service, and email address for Division of Consumer Services of the Department of Financial Services.
- Contact information for the Office of Insurance Regulation.
- The address for the website for public access to rate filing and affiliate information that this bill requires to be made available.
- Any changes in the total insured value from the last policy period.

OIR must define terms used with the rate transparency reports in concise and plain language to aid consumers.

Public Web Access to Rate Filing Information (Section 6).
The bill directs OIR to establish and maintain a comprehensive resource center on its website that uses plain language to aid consumers in their understanding of insurance. It must include substantive information on current and historical insurance market dynamics, data concerning the financial condition and market conduct of insurers, and choices available to consumers. The website must include the following at minimum:
- Reports, utilizing graphical information wherever possible, outlining information about the state of the market and adverse and positive trends affecting it.
- Tools that aid consumers in finding insurers.
- Tools that aid consumers in their determination of the coverages beneficial to them.
- Information about mitigation credits and the My Safe Florida Home program as well as other credits insurers may offer beyond wind mitigation.
- Access to the rate transparency report, annual statements, market conduct information, and other information related to each insurer.
- Information on the Citizens Property Insurance Corporation takeout process, the clearinghouse, and general information as reported by OIR.
- With respect to any residential property rate filing:
    - The overall rate change requested by the insurer.
    - The rate change approved by OIR along with all of the actuary's assumptions and recommendations forming the basis of OIR's decision.
    - Certification by OIR's actuary that, based on the actuary's knowledge, his or her recommendations are consistent with accepted actuarial principles.
    - Whether the insurer utilizes affiliated entities to performance administrative, claims handling, or other functions of the insurer and if so, the total percentage of direct written premium paid to the affiliated entities by the insurer in the preceding annual calendar year.

The bill provides that the following data are not trade secrets as defined in s. 688.002, F.S., or s. 812.081(1), F.S., and is therefore not subject to the public records exemption for trade secrets provided in s. 119.0715, F.S., or s. 624.4213, F.S.
- The statewide average requested rate change and final approved statewide average rate change within a filing.
- County rating examples submitted to OIR through the rate collection system for the purposes of displaying rates on the OIR website.

By providing that the data are not trade secrets, it can be shared with consumers.

Citizens Arbitration Procedures (Section 9).
The bill authorizes Citizens Property Insurance Corporation (Citizens) to offer policyholders the option to resolve claim disputes through arbitration proceedings before the Division of Administrative Hearings (DOAH). While

current law allows Citizens to use DOAH, the bill clarifies that this option can be offered directly to insureds in policy forms.

At issuance or renewal, Citizens may use forms that let insureds elect DOAH arbitration for disputes involving coverage, scope, or value of a claim. The insured must be given written notice of this option and indicate their choice by marking "ACCEPT" or "DECLINE" on a boldfaced 12-point disclosure immediately before the insured's signing. The selection applies for the entire policy term.

Uniform Mitigation Verification Inspection Form Database (Section 10).

The bill provides for OIR to contract with a Florida public university to design, operate, upgrade, and maintain a statewide database for uniform mitigation verification inspection forms to be operated by OIR for the collection and evaluation of mitigation features on residential property in the state.

The bill provides that beginning January 1, 2026, insurers must file an electronic copy of uniform mitigation verification inspection forms submitted by policyholders in the database within 15 days of receipt in an electronic format prescribed by OIR. The Financial Services Commission must adopt rules to implement these provisions.

Reciprocal Insurers (Sections 13 through 31).

The bill modifies the definition of a reciprocal insurer to include two new classes: assessable reciprocal insurers and non-assessable reciprocal insurers. (Section 13).

Assessable and Non-Assessable Reciprocal Insurers

The bill amends the surplus funds required for a reciprocal insurer, with such requirements differing based on whether the reciprocal is assessable or non-assessable. Current law requires reciprocal insurers to have $750,000 in expendable surplus when first authorized, and to maintain $250,000 in surplus funds. Under the bill:

- Assessable reciprocal insurers must have and maintain surplus funds of at least $3 million to transact insurance.
- Non-assessable reciprocal insurers are subject to the surplus required under 624.408, F.S., for a domestic stock insurer authorized to transact like kinds of insurance. (Section 14).

Attorney in Fact Bond

The bill increases the bond amount required for an attorney in fact of a domestic reciprocal insurer from $100,000 to $300,000 and clarifies that the bond must be in favor of the state for the benefit of all persons damaged by a breach of the bond conditions. (Section 18).

Subscriber Advisory Committee

The bill revises the structure and governance requirements for subscribers' advisory committees[1] of reciprocal insurers. It requires each reciprocal insurer to establish a subscribers' advisory committee that represents the interests of its subscribers, with governing rules and any amendments subject to approval by the OIR.

The bill expands the committee's duties to include supervising the insurer's operations for compliance with all governing documents and authorizes the committee to hire independent professionals at the insurer's expense. The initial committee must be appointed by the original subscribers or the attorney in fact.

At least two-thirds of the committee must be independent subscribers who are not affiliated with the attorney in fact. These members must be elected by the subscribers within six months of the insurer receiving its certificate of authority. The bill also requires reciprocal insurers with more than 50 subscribers to provide a platform that enables subscribers to communicate with one another about the election process. (Section 24).

Subscriber Contributions

The bill authorizes reciprocal insurers to require subscriber contributions[2] in addition to premiums, subject to prior approval by the OIR. The bill requires reciprocal insurers to clearly disclose such contributions on the

[1] Subscribers' advisory committee means the committee of a domestic reciprocal insurer which is formed in compliance with s. 629.201 and represents the interests of the subscribers.

declarations page of the policy and to provide subscribers with an annual report detailing how each dollar of the contribution was allocated or spent. (Section 19).

Subscriber contributions may not exceed 2 percent of each individual subscribers' policy premium for a nonassessable reciprocal insurer and 10 percent of each individual subscribers' policy premium for an assessable reciprocal insurer. Subscriber contributions are allowed as assets for the purposes of determining the reciprocal's financial condition, except that any premium deposits delinquent for 90 days will first be charged against such subscriber contributions. (Section 23).

Subscriber Savings Accounts
The bill authorizes reciprocal insurers to establish subscriber savings accounts[3] and sets requirements for their use and disclosure. The bill requires insurers to inform subscribers in writing about limitations, restrictions, distribution procedures, and calculation methods. Additionally, the bill requires that advertisements disclose limitations and provides that, upon policy cancellation or nonrenewal, subscribers are entitled to the funds in their accounts unless otherwise restricted by law, contract, or regulatory order. (Section 20).

Subscriber Distributions
The bill authorizes to make distributions[4] to subscribers from their subscriber savings accounts. The subscribers' advisory committee shall have sole authority to authorize distributions, subject to prior the OIR approval. Any reciprocal that otherwise authorizes distributions but prohibits subscribers from receiving distributions for a specified period of time, including after initial subscription, must renew the subscriber's policy for that period of time plus 1 additional policy year. This does not prohibit the cancellation or nonrenewal of a policy pursuant to 624.4133, F.S., or by the OIR order.

The bill provides that a reciprocal insurer may return to its subscribers any unused premiums, savings, or credits accruing to their accounts. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes.

The bill provides that a domestic reciprocal insurer may, upon prior written OIR approval, pay to its subscribers a portion of unassigned funds of up to 10 percent of surplus, with distribution limited to 50 percent of net income from the previous calendar year. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes. (Section 21).

Annual Statement
The bill specifies that the annual statement procured by the subscribers advisory committee must be an audited annual statement of the accounts and records of the insurer and the attorney in fact. The bill provides that:

- The insurer's statement must be prepared by an independent auditor at the insurer's expense, and made available for inspection by any subscriber, and filed by the attorney in fact.
- The statement of the attorney in fact must be prepared by an independent auditor at the expense of the attorney in fact, and filed with the annual statement of the reciprocal. (Section 22).

Repealed Provisions Related to Reciprocal Insurers
The bill repeals several provisions of ch. 629, F.S., relating to reciprocal insurers, including

- 629.271, F.S. This section is effectively replaced by the bill's subscriber distributions provision. (Section 25).
- 629.401, F.S. Removes a cross reference to a repealed statute. (Section 28).
- 629.520, F.S. (Section 29).

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[2] Subscriber contribution means any transfer of money by a subscriber of a reciprocal insurer to the reciprocal insurer in excess of the premium approved by the office, when such money is counted as surplus for the reciprocal insurer or used to pay surplus notes.
[3] Subscriber savings account means any account in which a reciprocal insurer assigns money for the benefit of an individual subscriber, other than accounts holding money for the payment of a specific claim by or settlement of a specific legal dispute with that individual subscriber.
[4] Distribution means any transfer of money from the reciprocal insurer to subscribers other than for the payment of a claim, settlement of a legal dispute, or return of principle.

Merger or Conversion
The bill makes two technical changes regarding reciprocal insurers merger or conversion.

- The Financial Services Commission, rather than the OIR, will provide the appropriate legal forms for merging reciprocals or conversion into a stock or mutual insurer.
- Clarifies language in statute to make it clearer that the provision is applicable in the case of either merger or conversion. (Section 26).

Impaired Reciprocal Insurers
The bill clarifies that the OIR issues the order for the attorney in fact to make up a deficiency or levy an assessment and specifies that, upon liquidation, the receiver shall levy assessments on subscribers to cover all liabilities, including liquidation costs, subject to any limits in the power of attorney, the policy, or ch. 629, F.S. (Section 27).

Unearned Premium Reserve
The bill creates s. 629.56, F.S., to require reciprocal insurers to maintain an unearned premium reserve at all times in accordance with section 625.051, F.S. (Section 30)

Compliance Deadlines for Existing Reciprocal Insurers
The bill provides that reciprocal insurers licensed before July 1, 2025, must comply with the new subscribers' advisory committee requirements in s. 629.201, F.S., by July 1, 2026, and with the new unearned premium reserve requirements in s. 629.56, F.S., by July 1, 2027. (Section 31).

Except as expressly provided otherwise, the bill takes effect July 1, 2025. (Section 32).

RULEMAKING:

The bill grants rulemaking authority to the OIR to implement the affiliate transaction oversight provisions created by the bill, and requires rulemaking to implement s. 628.372, F.S., relating to dividends and financial arrangements with affiliates. (Section 2 and Section 12).

The bill grants rulemaking authority to OIR and the Financial Services Commission to implement the bill's provisions relating to security of consumer insurance data. The bill requires rulemaking from the Financial Services Commission to implement the provisions of the bill relating to a uniform inspection database and requirements for property insurers to file certain forms in the database. (Section 4 and Section 10).
Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill will have an indeterminate fiscal impact.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Florida Department of Law Enforcement
The Florida Department of Law Enforcement (FDLE) is a state agency created in 1969 to provide investigative, forensic, and criminal justice services in support of Florida's law enforcement community.[5] FDLE operates under the direction of the Florida Cabinet and maintains its headquarters in Tallahassee, with regional operations

[5] s. 943.03, F.S.

throughout the state. FDLE's mission is to promote public safety and strengthen domestic security by providing services to local, state, and federal agencies.[6]

FDLE is responsible for processing criminal history background checks and fingerprint submissions for a wide range of professions and regulatory programs, including those involving licensure and employment eligibility.[7] The agency is authorized to exchange fingerprint data with the United States Department of Justice as part of national criminal history checks.[8]

As part of Florida's oversight of the insurance industry, the FDLE provides access to criminal history information to noncriminal justice agencies, such as the Department of Financial Services (DFS), for use in evaluating insurance licensure applications.[9] Individuals applying for licenses—such as insurance agents, adjusters, and other regulated professionals—must submit to fingerprint-based background screenings.[10] Fingerprints must be submitted electronically through a LiveScan vendor approved by FDLE.[11] FDLE processes the fingerprints and transmits the results to the appropriate licensing authority, typically DFS, to determine the applicant's eligibility.[12]

Managing General Agents

Some insurers operate within a holding company system that includes a managing general agent (MGA).[13] An MGA is a specialized type of insurance agent or broker that has underwriting authority from an insurer.[14] MGAs can perform certain functions that insurers typically handle, including binding coverage, underwriting and pricing, agent appointments, and claims adjusting and settlement.[15] An MGA may be an affiliate of an insurer. Section 624.10(1), F.S., defines an affiliate as an entity that exercises control over or is directly or indirectly controlled by an insurer. MGAs must enter into contracts with the insurers they do business with, including those that are affiliates—that is, entities that control or are controlled by the insurer.[16] These contracts must specify the division of responsibilities between the insurer and the MGA.[17]

There is currently no statutory limit on the duration of these contracts.

Examination of Insurers and MGAs

OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.[18] OIR's examination authority extends to MGAs.[19]

As part of the examination process, all persons being examined must make available to OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.[20] As part of an examination, OIR reviews contracts between insurers and MGAs, so that it can determine how much an insurer is paying its MGA and what services the insurer is receiving for the fee it pays. The scope of the examination of an insurer's affiliates in a holding company system is limited to information reasonably necessary to ascertain an insurer's financial condition.

Payments to Affiliates

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[6] FDLE, *Mission Statement*, https://www.fdle.state.fl.us (last visited April 1, 2025).
[7] S. 943.053, F.S.
[8] S. 943.054, F.S.
[9] S. 943.053(3)(a), F.S.
[10] S. 626.171(4), F.S.
[11] Florida Department of Financial Services, *Fingerprinting Information*, https://www.myfloridacfo.com/division/agents/licensing/agents-and-adjusters/fingerprinting-information. (last visited on April 2, 2025).
[12] *Id.*
[13] *See* s. 628.801, F.S. An "insurance holding company system" consists of two or more affiliated persons, one or more of which is an insurer.
[14] S. 626.015(16)(a), F.S., *see also*, International Risk Management Institute, https://www.irmi.com/term/insurance-definitions/managing-general-agent (last visited Mar. 28, 2025).
[15] *See supra* note 14.
[16] S. 626.7451, F.S.
[17] *Id.*
[18] S. 624.316(1)(a), F.S.
[19] *Id.;* S. 626.7452, F.S.
[20] S. 624.318(2), F.S.

Each insurer doing business in Florida that pays a fee, commission, or other financial consideration or payment to any affiliate is required to provide, upon request of the OIR, any information the OIR deems necessary. The fee, commission, or other financial consideration or payment to any affiliate must be fair and reasonable. In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the OIR must consider, among other things, the actual cost of the service being provided.[21]

Dividends to Stockholders

Florida law permits domestic stock insurers to distribute dividends[22] to stockholders under certain conditions. Dividends may only be paid out of available and accumulated surplus funds that are derived from realized net operating profits and realized capital gains.[23]

Without prior approval from OIR, a domestic stock insurer may pay dividends within specific thresholds, such as a percentage of surplus or recent net income. These thresholds include, for example, the lesser of 10 percent of surplus or net gain from operations for life and health insurers, or net income for property and casualty insurers.[24] Certain carryforward provisions may also apply depending on the type of insurer.

Alternatively, insurers may pay a dividend without prior approval if the dividend meets specific criteria, such as not exceeding the greater of 10 percent of surplus or the entire net operating profits and realized capital gains from the preceding calendar year. After the dividend is paid, the insurer must retain surplus of at least 115 percent of the minimum required statutory surplus, and it must file notice with OIR at least 10 business days before payment.[25]

The OIR may disapprove any dividend or distribution that exceeds the statutory limits if it determines that the payment would jeopardize the financial condition of the insurer, considering factors such as asset quality, liquidity, premium-to-surplus ratios, and investment income.[26]

Reciprocal Insurance Exchanges

A reciprocal insurance exchange is an insurance enterprise where subscribers enter into direct agreements with each other, pledging to contribute proportionally to cover losses experienced by fellow members.[27] The essence of the reciprocal is (1) direct links between the insurance customers, (2) facilitated by a common agent.[28] Rather than an incorporated entity, reciprocals rely on a "thick braid of contracts [to] unite[] a circle of natural persons, each of whom participates as part of the enterprise, with no legal entity at the contractual core."[29] Reciprocals have been described in many ways, but a conventional description echoed by courts is as follows: "in its pure form, a reciprocal insurance exchange is a web of contractual relationships between subscribers who agree to insure one another, consummated through a common agent with power of attorney."[30][31]

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[21] S. 624.424(13), F.S.

[22] A *dividend* is a distribution of a portion of an insurer's accumulated profits or surplus to its shareholders. In the case of a domestic stock insurer, dividends are typically paid in cash and represent a return on the shareholders' investment. Dividends must comply with statutory limitations to ensure that the insurer maintains sufficient surplus to meet its obligations to policyholders and maintain financial stability.

[23] S. 628.371(1), F.S.

[24] S. 628.371(2), F.S.

[25] S. 628.371(3)(b), F.S.

[26] S. 628.371(4), F.S.

[27] Andrew Verstein, *Enterprise Without Entities*, 116 MICH. L. REV. 247, 249 (2017), https://repository.law.umich.edu/cgi/viewcontent.cgi?params=/context/mlr/article/1672/&path_info=Enterprise_Without_Entities_revised_first_page.pdf. Early historic reciprocals include USAA, founded by military officers "convinced that they were better drivers than civilians," and Farmers, "which supposed that rural drivers were on the whole safer than urban drivers." *Id.* at 267.

[28] Verstein, *supra* note 27 at 264.

[29] *Id.* at 249.

[30] *Id.* at 264, quoting True v. Robles, 571 F.3d 412, 414 (5th Cir. 2009). The definition has significant historical precedent. *See* Robert J. Brennen, *Inter-Insurance—Its Legal Aspects and Business Possibilities*, 58 CENT. L.J. 323, 323 (1904) ("By inter-insurance . . . is meant that system of insurance whereby several individuals, partnerships and corporations underwrite each other's risks against loss by fire or other hazard, through an attorney in fact, common to all, under an agreement that each underwriter acts separately and severally, not jointly with any other."). Most states have adopted a similar formulation. *See, e.g.,* ALA. CODE § 27-31-1 (2014); DEL. CODE ANN. tit. 18, § 5701 (West 2015); MASS. GEN. LAWS ch 175 § 94A (2014); TEX. INS. CODE

The customers, known as subscribers, sign an agreement authorizing an agent to act as their attorney-in-fact for the purposes of insurance.[32] The effect of the power of attorney agreement is that the designated agent (the attorney-in-fact), which is generally a management company, is authorized to sign contracts on behalf of all subscribers.[33] The function of an attorney-in-fact for a reciprocal is somewhat comparable, though not identical, to a managing general agent (MGA) for a stock insurer.[34] In both cases, the agent is empowered to bind their delegating principal(s) to insurance contracts through agency principles.[35]

Subscribers pay their premiums to the attorney-in-fact, and the shared agent handles soliciting customers and signing contracts among them to cross-indemnify risks.[36] A subscriber's claim is a claim against every policyholder of the reciprocal.[37] Unused premiums may be returned to subscribers or retained to support future claims.[38] The annual fees paid by subscribers may be substantially refunded in good years, but in bad years, subscribers may be required to make substantial additional contributions in reciprocals empowered to levy "assessments."[39] Historically, limitations on the power to levy assessments were only permitted for reciprocal exchanges that maintained a large capital surplus comparable to that held by a conventional entity-based insurance company.[40]

Subscribers are often represented by a subscribers' advisory committee, which is somewhat comparable to a corporate board of directors.[41] The committee's powers can vary by state and reciprocal. Some committees are passive or controlled by the attorney-in-fact, whereas others are relatively assertive of their rights.[42]

Chapter 629, F.S., governs the regulation of reciprocal insurers in Florida. A reciprocal insurer may transact any kind of insurance other than title insurance in Florida.[43]

In Florida, a subscribers' advisory committee typically manages a reciprocal insurer.[44] The committee is responsible for choosing and monitoring the attorney-in-fact, approving rates, and providing oversight of the operations of the reciprocal.[45]

Florida law provides that the subscribers' advisory committee of a domestic reciprocal insurer exercising the subscribers' rights must be selected under such rules as the subscribers adopt.[46] Not less than two-thirds of such committee may be subscribers other than the attorney, or any person employed by, representing, or having a financial interest in the attorney.[47]

ANN. § 942.001 (West 2009). The definition is not universally accepted, however. *See* Lee v. Interinsurance Exch. of the Auto. Club of S. Cal., 57 Cal. Rptr. 2d 798, 804 (Ct. App. 1996) (asserting that California law rejects the notion that the subscriber is an insurer to others).

[31] Other ways reciprocal insurance exchanges have been described include: "an unincorporated association, a trust for a purpose, a quasi-corporation, and more than a partnership and something less than an insurance corporation." Verstein, *supra* note 27 at 264 (internal quotes omitted).

[32] Verstein, *supra* note 27 at 264.

[33] *Id.* at 251.

[34] Managing general agents can be entrusted with different functions by different insurers, but MGAs are defined by their authority, delegated by the insurer through agency principles, to act on behalf of the insurer, particularly (though perhaps not exclusively) in binding the insurer to insurance contracts. *See* INTERNATIONAL RISK MANAGEMENT INSTITUTE, *managing general agent (MGA)*, https://www.irmi.com/term/insurance-definitions/managing-general-agent-(mga).

[35] *See supra* note 34.

[36] Verstein, *supra* note 27 at 264.

[37] *Id.*

[38] *Id.*

[39] *Id.* at 265.

[40] *Id.* n. 98 and accompanying text.

[41] *Id.*

[42] *Id.*

[43] S. 629.041(1), F.S. Such an insurer may purchase reinsurance and may grant reinsurance as to any kind of insurance it is authorized to transact directly. S. 629.041(2), F.S.

[44] *See* s. 629.201, F.S.

[45] *See id.*

[46] *Id.*

[47] *Id.*

The subscribers' advisory committee must:

- Supervise the finances of the insurer;
- Supervise the insurer's operations to such extent as to assure conformity with the subscribers' agreement and power of attorney;
- Procure the audit of the accounts and records of the insurer and of the attorney at the expense of the insurer; and
- Have such additional powers and functions as may be conferred by the subscribers' agreement.[48]

Impaired Reciprocal Insurers

If a reciprocal insurer becomes impaired—meaning it is unable to meet its obligations or maintain required surplus—the Department of Financial Services may initiate rehabilitation or liquidation proceedings under ch. 631, F.S., including potential rehabilitation under s. 631.051, F.S., or liquidation under s. 631.061, F.S. [49]

Mergers Involving Reciprocal Insurers

Reciprocal insurers may merge or consolidate under Part III of Chapter 628, F.S., with approval from the Office of Insurance Regulation. The unique governance structure of reciprocals, including the attorney in fact and subscribers' advisory committee, must be considered in any proposed transaction.[50]

Insurance Rate Filing

Part I of ch. 627, F.S., the Rating Law,[51] governs property, casualty, and surety insurance covering the subjects of insurance resident, located, or to be performed in this state.[52] The rating law provides that the rates for all classes of insurance it governs may not be excessive, inadequate, or unfairly discriminatory.[53] Though the terms "rate" and "premium" are often used interchangeably, the rating law specifies that "rate" is the unit charge that is multiplied by the measure of exposure or amount of insurance specified in the policy to determine the premium, which is the consideration paid by the consumer.[54]

All property and casualty insurers must utilize one of two filing methods:

- **File and use.** File proposed rate changes at least 90 days before the intended effective date. The insurer can use the rates once approved or if 90 days pass without disapproval.
- **Use and file.** Implement rates first, then file the rate change within 30 days after they become effective. If OIR later finds the rates unacceptable, the insurer may have to issue refunds to policyholders.[55]

Upon receiving a rate filing, the OIR reviews the filing to determine if the rate is excessive, inadequate, or unfairly discriminatory. The OIR makes that determination in accordance with generally acceptable actuarial techniques and considers the following:

- Past and prospective loss experience;
- Past and prospective expenses;
- The degree of competition among insurers for the risk insured;
- Investment income reasonably expected by the insurer;
- The reasonableness of the judgment reflected in the rate filing;
- Dividends, savings, or unabsorbed premium deposits returned to policyholders;
- The adequacy of loss reserves;
- The cost of reinsurance;
- Trend factors, including trends in actual losses per insured unit for the insurer;
- Conflagration and catastrophe hazards;

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[48] *Id.*
[49] s. 629.301, F.S.
[50] s. 629.111, F.S.
[51] S. 627.011, F.S.
[52] S. 627.021(1), F.S.
[53] S. 627.062(1), F.S.
[54] S. 627.041, F.S.
[55] S. 627.062, F.S.

- Projected hurricane losses;
- Projected flood losses, if the policy covers the risk of flood;
- The cost of medical services, if applicable;
- A reasonable margin for underwriting profit and contingencies; and
- Other relevant factors that affect the frequency or severity of claims or expenses.[56]

All insurers or rating organizations writing any line of property or casualty insurance to which these requirements apply must make an annual base rate filing for each such line with OIR no later than 12 months after its previous base rate filing, demonstrating that its rates are not inadequate.[57] The annual base rate filing requirement may be satisfied, if no rate change is proposed, by filing a certification by an actuary that the existing rate level produces rates which are actuarially sound and which are not inadequate, as defined in s. 627.062, F.S.[58]

Insurer Reporting of Property Insurance Data

All insurers with a Florida certificate of authority to transact insurance business must file quarterly and annual reports with the OIR containing various financial data, including audited financial statements, actuarial opinions, and certain claims dates. [59] Each year, insurers must file an annual statement covering the preceding calendar year on or before March 1. Quarterly statements covering each period ending on March 31, June 30, and September 30 must be filed within 45 days after each such date.[60]

Under s. 627.0621, F.S., with respect to any residential property insurance rate filings, the OIR must provide the following information on an internet website:

- The overall rate change requested by the insurer;
- All assumptions made by an OIR actuary;
- A statement describing any assumptions that deviate from actuarial standards of the Casualty Actuarial Society or American Academy of Actuaries;
- All recommendations made by any OIR actuary who reviewed the rate filing;
- A certification by the OIR's actuary that based on the actuary's knowledge, that his or her recommendations are consistent with accepted actuarial principles; and
- The overall rate change approved by the OIR.

Insurance Data Security

In recent years, there have been several major data breaches across the U.S. involving large insurers that have exposed and compromised the sensitive personal information of millions of insurance consumers.[61]

National Association of Insurance Commissioners (NAIC) Data Security Model Law

The NAIC Insurance Data Security Model Law (#668) was adopted in 2017 to establish data security standards for regulators and insurers to mitigate the potential damage of a data breach.[62] The model applies to insurers, insurance agents, and other entities licensed by state insurance regulators.[63] The U.S. Treasury Department in 2017

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[56] S. 627.062(2)(b), F.S.
[57] S. 627.0645(1), F.S.
[58] Rates are deemed inadequate if they are clearly insufficient, together with the investment income attributable to them, to sustain projected losses and expenses in the class of business to which they apply. Section 627.062(2)(e)3., F.S. A rate shall be deemed inadequate as to the premium charged to a risk or group of risks if discounts or credits are allowed which exceed a reasonable reflection of expense savings and reasonably expected loss experience from the risk or group of risks. S. 627.062(2)(3)5., F.S.
[59] S. 624.424, F.S.
[60] S. 624.424(1)(a), F.S. The law excepts workers' compensation and employer's liability insurance; insurance limited to coverage of commercial risks other than commercial residential multiperil and medical malpractice insurance; and certain travel insurance.
[61] NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, *State Legislative Brief – The NAIC Insurance Data Security Model Law – February 2025*, https://content.naic.org/sites/default/files/government-affairs-brief-data-security-model-law.pdf (last visited March 26, 2025).
[62] *Id.*
[63] *Id.*

urged states to promptly adopt the model within five (5) years of the NAIC's adoption and, if states failed to meet the timeline, recommended that the federal administration ask Congress to preempt the states.[64]

The model law requires insurers and other entities licensed by state insurance regulators to develop, implement, and maintain an information security program based on its risk assessment, with a designated employee in charge of the information security program.[65] The model phases in requirements for compliance with the information security program and oversight of third-party service providers.[66] Licensees determine the appropriate security measures to implement based on careful, ongoing risk assessment for internal and external threats.[67] The model also requires licensees to investigate a cybersecurity event and notify the state insurance commissioner of a cybersecurity event.[68] It also grants insurance commissioners the power to examine and investigate licensees to determine compliance with the law and provides state insurance regulators the authority to remedy data security deficiencies they find during an examination.[69] The model exempts licensees with fewer than 10 employees, licensees compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and agents of a licensee from Section 4 of the model.[70] The model does not create a private cause of action, nor does it limit an already-existing private right of action.[71]

The NAIC model law has been implemented in twenty-six (26) jurisdictions as of February 1, 2025.[72]

Insurance Mitigation – Uniform Mitigation Verification Inspection Forms

Florida law promotes hurricane mitigation by requiring insurers to offer premium discounts for properties with certain wind-resistant features (such as fortified roofs, window protection, etc.). Section 627.711, F.S. requires insurers to notify policyholders about available hurricane mitigation discounts and accept a Uniform Mitigation Verification Inspection Form as proof of a home's mitigation features.

Uniform Mitigation Verification Inspection Forms are standardized documents used to verify that homes have specific hurricane and wind damage prevention features. This standard document is the uniform mitigation verification inspection form (Form OIR-B1-1802),[73] developed by the Financial Services Commission for statewide use.

The uniform inspection form creates a consistent way to verify a structure's windstorm mitigation features. Homeowners can hire a qualified inspector to examine their roof construction, windows, doors, and other features that reduce hurricane damage, and the inspector records the findings on the uniform mitigation form. Insurers must accept a properly completed form when calculating applicable discounts or credits on windstorm insurance premiums. Once a homeowner submits the completed Form OIR-B1-1802 to their insurer, the insurer will apply the appropriate wind mitigation credits to the policy.

Florida law has provided by statute for premium discounts for hurricane loss mitigation since the creation of section 627.711, F.S., in 2005. The uniform form process has been significant for Florida's strategy to encourage homeowners to harden their homes against hurricanes, thereby reducing overall insurance losses over time.

Citizens Property Insurance Corporation

Citizens Property Insurance Corporation (Citizens) is a state-created, not-for-profit, tax-exempt governmental entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage

[64] *Id.*
[65] *Id.*
[66] *Id.*
[67] *Id.*
[68] *Id.*
[69] *Id.*
[70] *Id.*
[71] *Id.*
[72] *Id.*
[73] FLORIDA OFFICE OF INSURANCE REGULATION, *Uniform Mitigation Verification Inspection Form*¸ https://floir.com/docs-sf/default-source/property-and-casualty/oir-b1-1802.pdf?sfvrsn=13b11cba_2; *see also* FLORIDA DEPARTMENT OF FINANCIAL SERVICES, *Mitigation Notices, Inspections and Forms*, https://myfloridacfo.com/division/consumers/storm/mitigation-notices-inspections-and-forms.

in the voluntary admitted market.[74] Citizens is not a private insurance company.[75] Citizens was statutorily created in 2002 when the Florida Legislature combined the state's two insurers of last resort, the Florida Residential Property and Casualty Joint Underwriting Association (RPCJUA) and the Florida Windstorm Underwriting Association (FWUA).[76]

Citizens operates in accordance with the provisions in s. 627.351(6), F.S., and is governed by a nine-member Board of Governors (board) that administers its Plan of Operations. The Plan of Operations is reviewed and approved by the Financial Services Commission.[77] The Governor, President of the Senate, Speaker of the House of Representatives, and Chief Financial Officer each appoint two members to the board.[78] The Governor appoints an additional member who serves solely to advocate on behalf of the consumer.[79] Citizens is subject to regulation by the Office of Insurance Regulation (OIR).

Citizens may only appoint as its licensed agents those agents who also hold an appointment by at least three insurers who are authorized to write and are actually writing or renewing personal lines residential property coverage, commercial residential property coverage, or commercial nonresidential property coverage within the state.[80]

The Division of Administrative Hearings (DOAH)

DOAH is a state agency that employs full-time Administrative Law Judges to conduct hearings in most cases in which the substantial interests of a person are determined by an agency and which involve a disputed issue of material fact.[81] When a state agency proposes to take some action that is adverse to a person, the affected person is normally entitled to request an administrative hearing to determine the matter.[82] Requests for hearings are initially made to the appropriate state agency.[83] If the case does not involve disputed facts, the agency itself will conduct a proceeding and subsequently render a decision.[84] If the request for hearing indicates that the affected person disputes facts upon which the proposed action is based, the agency ordinarily refers the case to DOAH for a hearing.[85]

DOAH provides a hearing conducted by an independent and neutral Administrative Law Judge who thereafter enters a Recommendation or Final Order, which is provided to the state agency and the parties in the case. In the case of a Recommended Order, the agency reviews the Recommended Order and issues a Final Order which usually adopts the Judge's factual findings, but, under certain circumstances, the agency may reject or modify certain legal conclusions of the Judge or the recommended penalty, if any. If the Final Order is adverse to the non-agency party, an appeal may be taken within a limited time to a District Court of Appeal.[86]

Integration of DOAH in Citizens' Dispute Resolution Process

Traditionally, disputes between Citizens and its policyholders that couldn't be resolved through informal negotiations or traditional alternative dispute resolution procedures often resulted in civil suits filed in circuit court. In July 2022, Citizens' Board of Governors approved a policy endorsement allowing either the insurer or the insured to direct claims disputes to DOAH. This endorsement was subsequently approved by the OIR in August 2022 and became effective for new and renewing policies on February 1, 2023.[87]

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[74] The term "admitted market" means insurance companies licensed to transact insurance in Florida.
[75] S. 627.351(6)(a)1., F.S.
[76] S. 2, ch. 2002-240, Laws of Fla.
[77] S. 627.351(6)(a)2., F.S.
[78] S. 627.351(6)(c)4.a., F.S.
[79] S. 627.351(6)(c)4., F.S.
[80] S. 627.351(6)(c)13., F.S.
[81] Ch. 120, F.S.
[82] Section 120.68(1), F.S.
[83] See Uniform Rule 28-106.201(2).
[84] Section 120.57(2), F.S.
[85] Section 120.57(1), F.S.
[86] Section 120.68(2)(a), F.S.
[87] *See* Insurance Journal, *Citizens Insurance to Begin Using DOAH for Dispute Resolution*, July 14, 2022, https://www.insurancejournal.com/news/southeast/2022/07/14/675721.htm; Insurance Journal, *Citizens Insurance Adds DOAH Arbitration Option to Policies*, Feb. 6, 2023. https://www.insurancejournal.com/news/southeast/2023/02/06/706063.htm.

HB 799 (2023) codified Citizens' authority to include DOAH arbitration in its policy forms and to contract with DOAH to conduct claim-related dispute proceedings. Under current law, such proceedings are not governed by ch. 120, F.S., but are instead subject to ss. 57.105 and 768.79, F.S., allowing for attorney fee awards and settlement procedures similar to those in circuit court.[88]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: Insurance & Banking Subcommittee			Hamon	Schenk

[88] Ch. 2023-172, § 5, Laws of Fla.; see also § 57.105, 768.79, Fla. Stat. (2023).

A bill to be entitled

An act relating to insurance regulations; creating s. 624.341, F.S.; providing legislative findings; requiring the Department of Law Enforcement to accept and process fingerprints of specified persons who are involved in the organization, operation, or management of certain insurers or certain proposed insurers or who are subject to specified provisions of the Florida Insurance Code; requiring full sets of fingerprints of such persons to be submitted to the Office of Insurance Regulation or certain vendors, entities, or agencies; providing procedures for criminal background checks; providing fees; authorizing the department to exchange criminal background checks for specified purposes; providing guidelines for submitting fingerprints; requiring the office to use and review the criminal background checks for specified determinations; amending s. 626.9651, F.S.; requiring the Office of Insurance Regulation and the Financial Services Commission to adopt rules on cybersecurity of certain insurance data; providing requirements for such rules; providing duties of the office; creating s. 624.347, F.S.; providing definitions; providing applicability; establishing standards for compensation arrangements and oversight of affiliate transactions

involving insurers, managing general agents, and attorneys in fact; providing penalties; requiring the office to adopt rules; amending s. 624.424, F.S.; specifying requirements for affiliate compensation arrangements; removing requirements that the office consider a specified factor in determining whether certain affiliate considerations and payments by an insurer are fair and reasonable; amending s. 627.062, F.S.; prohibiting personal residential property insurers from submitting more than three "use and file" filing under certain circumstances; providing an exception; amending s. 627.0621, F.S.; requiring certain rate filings with the office from residential property insurers to include rate transparency reports; providing for acceptance or rejection by the office of such reports; providing requirements for such reports; requiring insurers to provide such reports to consumers; requiring the office to define terms used in such reports; requiring the office to establish and maintain a specified center on its website; providing requirements for the website; amending s. 627.0645, F.S.; revising requirements of rate filing with the office; amending s. 627.0651, F.S.; prohibiting motor vehicle insurers from submitting more than one "use and file" filing under

certain circumstances; amending s. 627.351, F.S.; dispute resolution procedures under Citizens Property Insurance Corporation; amending s. 627.711, F.S.; requiring the office to contract with a state university to design, operate, upgrade, and maintain a specified database; requiring property insurers to file certain policyholder forms in the database; requiring the commission to adopt rules; amending s. 628.371, F.S.; defining the term "affiliated entity"; applying provisions on prohibitions against, limitations on, and authority of insurers relating to dividend payments and distributions to stockholders to affiliated entities; providing requirements for certain approvals of dividends, distributions, and other financial arrangements; creating s. 628.372, F.S.; providing authority of the office over affiliate dividends; providing penalties; requiring the office to adopt rules; amending s. 629.011, F.S.; revising and providing definitions; amending s. 629.071, F.S.; authorizing assessable and nonassessable reciprocal insurers, rather than domestic reciprocal insurers, to transact insurance if they maintain specified amounts of surplus funds; amending s. 629.081, F.S.; conforming a provision to changes made by the act; creating s. 629.082, F.S.; providing that attorneys in

fact of reciprocals are affiliates of the reciprocals for specified purposes; creating s. 629.1015, F.S.; requiring documentation supporting that fees, commissions, and other financial considerations and payments to affiliates by reciprocal insurers are fair and reasonable; providing guidelines for the office in determining whether the fees, commissions, and other financial considerations and payments are fair and reasonable; providing requirements for documentation of such fees; amending s. 629.121, F.S.; providing that certain bonds filed with the office as security are filed by attorneys in fact, rather than attorneys of domestic reciprocal insurers; increasing the bond amount; creating s. 629.162, F.S.; authorizing reciprocal insurers to require subscriber contributions; providing disclosure and reporting requirements for subscriber contributions; creating s. 629.163, F.S.; authorizing reciprocal insurers to establish subscriber savings accounts; providing construction; providing requirements for subscriber savings accounts; creating s. 629.164, F.S.; authorizing reciprocal insurers to make distributions to subscribers from subscriber savings accounts; granting to subscribers' advisory committees sole authority to authorize distributions, subject to prior

written approval by the office; providing requirements for reciprocal insurers that prohibit subscribers from receiving distributions for a specified period of time; providing construction; authorizing reciprocal insurers to return to subscribers unused premiums, savings, and credits accruing to their accounts; authorizing domestic reciprocal insurers to pay portions of unassigned funds; providing distribution limits; prohibiting distribution discriminations; amending s. 629.171, F.S.; revising requirements for filing with the office annual statements by reciprocal insurers; amending s. 629.181, F.S; replacing surplus deposits of subscribers with subscriber contributions; providing limits on subscriber contributions; amending s. 629.201, F.S.; requiring that each domestic reciprocal insurer have a subscribers' advisory committee; requiring that such committee be formed in compliance with specified laws; requiring that rules and amendments adopted by subscribers have prior approval by the office; revising subscribers' advisory committees' duties and membership; providing for election and terms; repealing s. 629.271, F.S., relating to distribution of savings; amending s. 629.291, F.S.; providing that forms filed with the office for plans to merge a reciprocal insurer with

another reciprocal insurer or to convert a reciprocal insurer to a stock or mutual insurer are adopted by the commission rather than the office; amending s. 629.301, F.S.; specifying the manner in which impaired reciprocal insurers are proceeded against if they cannot make up deficiencies in assets; specifying the manner in which assessments are levied upon subscribers if reciprocal insurers are liquidated; providing that assessments are subject to specified limits; repealing ss. 629.401 and 629.520, F.S., relating to insurance exchange and the authority of a limited reciprocal insurer, respectively; creating s. 629.56, F.S.; requiring reciprocal insurers to maintain unearned premium reserves at all times; providing applicability dates; providing effective dates.

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

Section 1. Section 624.341, Florida Statutes, is created to read:

624.341 Authority of Department of Law Enforcement to accept fingerprints of, and exchange criminal history records with respect to, certain persons applying to the Office of Insurance Regulation.—

(1) The Legislature finds that criminal activity of insurers poses a particular danger to the residents of this state. Floridians rely, in good faith, on the honest conduct of those who issue and manage insurance policies and other insurance instruments in this state. To safeguard this state's residents, the Legislature finds it necessary to ensure that organizers, incorporators, subscribers, officers, employees, contractors, affiliates, stockholders, directors, owners, members, managers, or volunteers, or any other persons who exercise or have the ability to exercise effective control of, or who influence or have the ability to influence the transaction of the business of, or any other persons involved, directly or indirectly, in the organization, operation, or management of any insurer that is authorized to sell insurance do not have a criminal background.

(2) The Department of Law Enforcement shall accept and process fingerprints of organizers, incorporators, subscribers, officers, employees, contractors, affiliates, stockholders, directors, owners, members, managers, or volunteers involved, directly or indirectly, in the organization, operation, or management of:

(a) Any insurer or proposed insurer transacting or proposing to transact insurance in this state.

(b) Any other entity that is examined or investigated or that is eligible to be examined or investigated under the

provisions of the Florida Insurance Code.

(c) Any other person or entity subject to licensure under the Florida Insurance Code.

(3) A full set of fingerprints of persons described in subsection (2) must be submitted to the office or to a vendor, an entity, or an agency authorized by s. 943.053(13). The office, vendor, entity, or agency shall forward the fingerprints to the Department of Law Enforcement for state processing, and the Department of Law Enforcement shall forward the fingerprints to the Federal Bureau of Investigation for national processing as described in s. 624.34. Fees for state and federal fingerprint processing must be borne by the person submitting the fingerprints. The state cost for fingerprint processing is as provided in s. 943.053(3)(e).

(4) The Department of Law Enforcement may, to the extent provided by federal law, exchange state, multistate, and federal criminal history records with the office for the purpose of issuance, denial, suspension, or revocation of a certificate of authority, certification, or license to operate in this state.

(5) Fingerprints for each person described in subsection (2) must be submitted in accordance with rules adopted by the commission.

(a) Fingerprints may be submitted through a third-party vendor authorized by the Department of Law Enforcement.

(b) The Department of Law Enforcement shall conduct the

state criminal history background check, and a federal criminal history background check shall be conducted through the Federal Bureau of Investigation.

(c) All fingerprints submitted to the Department of Law Enforcement must be submitted and entered into the statewide automated fingerprint identification system established in s. 943.05(2)(b) and available for use in accordance with s. 943.05(2)(g) and (h). The office shall inform the Department of Law Enforcement of any person whose fingerprints no longer must be retained.

(d) The costs of fingerprint processing, including the cost of retaining the fingerprints, must be borne by the person subject to the background checks.

(e) The office shall review the results of the state and federal criminal history background checks and determine whether the applicant meets the requirements for the certificate of authority, certification, or license to operate in this state.

(6) Statewide criminal records obtained through the Department of Law Enforcement, federal criminal records obtained through the Federal Bureau of Investigation, and local criminal records obtained through local law enforcement agencies must be used by the office for the purpose of issuance, denial, suspension, or revocation of certificates of authority, certifications, or licenses issued to operate in this state.

Section 2. Section 624.347, Florida Statutes, is created

to read:

624.347 Affiliate transactions; managing general agents; attorneys in fact; oversight.—

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

(a) "Affiliated entity" means any affiliate. The term includes a managing general agent, attorney in fact, and reciprocal insurer when acting in a capacity that involves compensation or contractual arrangements with the insurer.

(b) "Attorney in fact" has the same meaning as in s. 629.011.

(c) "Managing general agent" has the same meaning as in s. 626.015.

(d) "Reciprocal insurer" has the same meaning as in s. 629.011.

(2) APPLICABILITY.—This section applies to any insurer that contracts with or makes payments to an affiliated entity.

(3) COMPENSATION ARRANGEMENTS WITH AFFILIATED ENTITIES.—

(a) Each insurer doing business in this state which pays, directly or indirectly, a fee, commission, or other financial consideration or payment to any affiliated entity must provide to the office documentation demonstrating that such fee, commission, or other financial consideration or payment is fair and reasonable for each service being provided. In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the office must consider all of

the following:

1. The actual cost of each service provided by the affiliated entity.

2. The relative financial condition of the insurer and the affiliated entity.

3. The level of debt and how that debt is serviced.

4. The amount and purpose of any dividends or other payments exchanged between the insurer and any affiliated entity, including payments made to or received from the affiliated entity, and any payments between affiliated entities.

5. Whether the terms of the written contract benefit the insurer and are in the best interest of the insurer.

6. Any other information as the office reasonably requires in making the determination.

(b) For each agreement with an affiliated entity in force on July 1, 2025, each insurer shall provide to the office no later than October 1, 2025, the cost incurred by the affiliated entity to provide each service, the dollar amount charged to the insurer for each service, and the dollar amount of fees forgiven, waived, or reimbursed by the affiliated entity for the 2 most recent preceding years. If the total dollar amount charged to the insurer was greater than the total cost to provide services for either year, the insurer must explain how it determined the fee was fair and reasonable. For any proposed contract with an affiliated entity effective after July 1, 2025,

the insurer must provide documentation to support that the fee, commission, or other financial consideration or payment to the affiliated entity is fair and reasonable.

(c)1. All compensation arrangements between an insurer and any affiliated entity entered into on or after July 1, 2026, must be structured as fee for service. As used in this subparagraph, the term "fee for service" means fixed amounts or hourly rates for itemized services.

2. Compensation may not be based on:

a. Commission;

b. Premium volume;

c. Underwriting profit; or

d. Financial results of the insurer.

(d) This subsection does not prohibit an insurer from paying a dividend or other financial arrangement to an affiliated entity if such dividend or financial arrangement is separately reviewed and approved by the office pursuant to this section, s. 628.372, or any other applicable law.

(e) An agreement between an insurer and an affiliated entity must include a termination clause and may not exceed a term of 3 years. Any extension of such an agreement must be approved by the office before becoming effective. An agreement between an insurer and an affiliated entity may include provisions for extension, but may not remain in effect for longer than 3 years without a review pursuant to paragraph (a)

and approval by the office. If the agreement provides for extension, the agreement must clearly state that the extension is subject to approval by the office at least every 3 years.

(4) EMERGENCY RESTRICTIONS.—

(a) During a declared emergency, the office may issue orders restricting fund transfers from an insurer to an affiliated entity without prior approval.

(b) Orders under paragraph (a) may apply to all or specified insurers and may not exceed 90 days unless extended by the office.

(5) ADDITIONAL OVERSIGHT.—

(a) Any dividend paid by an insurer to an affiliated entity must be reviewed and approved by the office, regardless of whether the affiliated entity is the insurer's parent, subsidiary, or otherwise related entity.

(b) The office may recover improper affiliated entity payment transfers, including, but not limited to, both of the following:

1. Transfers that violate the approved compensation, approved dividend, or any other approved financial arrangement.

2. Transfers made while the insurer was undercapitalized.

(c) An insurer must provide notice to the office at least 30 days before any pledge of capital or assets to any affiliated entity for a loan or financial obligation. Such notice must include a description of the collateral, the nature of the

obligation, and the parties involved. The office may reject and prohibit the pledge if such financial arrangement is not in the best interest of the insurer.

(6) ENFORCEMENT.—

(a) The office may impose penalties for violations of this section.

(b) The office shall adopt rules to implement this section.

Section 3. Subsection (13) of section 624.424, Florida Statutes, is amended to read:

624.424 Annual statement and other information.—

(13) Each insurer doing business in this state which pays a fee, commission, or other financial consideration or payment to any affiliate directly or indirectly is required upon request to provide to the office any information the office deems necessary. The fee, commission, or other financial consideration or payment to any affiliate must be fair and reasonable. Affiliate compensation arrangements must comply with s. 624.347 and with the requirements of this subsection ~~In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the office shall consider, among other things, the actual cost of the service being provided~~.

Section 4. Section 626.9651, Florida Statutes, is amended to read:

626.9651 Security of consumer data ~~Privacy~~.—

(1) The department and commission shall ~~must~~ each adopt rules consistent with other provisions of the Florida Insurance Code to govern the use of a consumer's nonpublic personal financial and health information. These rules must be based on, consistent with, and not more restrictive than the Privacy of Consumer Financial and Health Information Regulation, adopted September 26, 2000, by the National Association of Insurance Commissioners; however, the rules must permit the use and disclosure of nonpublic personal health information for scientific, medical, or public policy research, in accordance with federal law. In addition, these rules must be consistent with, and not more restrictive than, the standards contained in Title V of the Gramm-Leach-Bliley Act of 1999, Pub. L. No. 106-102, as amended in Title LXXV of the Fixing America's Surface Transportation (FAST) Act, Pub. L. No. 114-94. If the office determines that a health insurer or health maintenance organization is in compliance with, or is actively undertaking compliance with, the consumer privacy protection rules adopted by the United States Department of Health and Human Services, in conformance with the Health Insurance Portability and Affordability Act, that health insurer or health maintenance organization is in compliance with this subsection ~~section~~.

(2) The office and the commission shall adopt rules consistent with state law, including the Florida Insurance Code, to ensure the cybersecurity of a consumer's nonpublic insurance

data. These rules may not be more restrictive than the National Association of Insurance Commissioners Insurance Data Security Model Law, adopted as of October 2017, and subsequent amendments thereto if the methodology remains substantially consistent. The rules must:

(a) Apply to all entities acting as insurers, transacting insurance, or otherwise engaging in insurance activities in this state, including entities licensed under chapter 641, and any entity that has been contracted to maintain, store, or process personal information on behalf of a covered entity;

(b) Require the development and implementation of an information security program as defined in the model law;

(c) Require investigation and notification of a cybersecurity event as required under the model law;

(d) Require that each insurer submit to the department or office all or part of the information required to be reported to the department or office in a computer-readable form compatible with the electronic data processing system of the department or office; and

(e) Require that the office be copied on any notice provided to the Attorney General under s. 501.171.

(3) Upon receiving information under this section, the office shall review the information and may initiate an examination or investigation under s. 624.316, s. 624.3161, or s. 626.8828.

(4) This section does not establish a private cause of action.

Section 5. Paragraph (a) of subsection (2) of section 627.062, Florida Statutes, is amended to read:

627.062 Rate standards.—

(2) As to all such classes of insurance:

(a) Insurers or rating organizations shall establish and use rates, rating schedules, or rating manuals that allow the insurer a reasonable rate of return on the classes of insurance written in this state. A copy of rates, rating schedules, rating manuals, premium credits or discount schedules, and surcharge schedules, and changes thereto, must be filed with the office under one of the following procedures:

1. If the filing is made at least 90 days before the proposed effective date and is not implemented during the office's review of the filing and any proceeding and judicial review, such filing is considered a "file and use" filing. In such case, the office shall finalize its review by issuance of a notice of intent to approve or a notice of intent to disapprove within 90 days after receipt of the filing. If the 90-day period ends on a weekend or a holiday under s. 110.117(1)(a)-(i), it must be extended until the conclusion of the next business day. The notice of intent to approve and the notice of intent to disapprove constitute agency action for purposes of the Administrative Procedure Act. Requests for supporting

information, requests for mathematical or mechanical corrections, or notification to the insurer by the office of its preliminary findings does not toll the 90-day period during any such proceedings and subsequent judicial review. The rate shall be deemed approved if the office does not issue a notice of intent to approve or a notice of intent to disapprove within 90 days after receipt of the filing.

2. If the filing is not made in accordance with subparagraph 1., such filing must be made as soon as practicable, but within 30 days after the effective date, and is considered a "use and file" filing. An insurer making a "use and file" filing is potentially subject to an order by the office to return to policyholders those portions of rates found to be excessive, as provided in paragraph (h). For purposes of this subparagraph, a personal residential property insurer may not submit more than three use and file filings affecting policyholders within a single policy period, unless the filings are exclusively related to reinsurance.

3. For all property insurance filings made or submitted after January 25, 2007, but before May 1, 2012, an insurer seeking a rate that is greater than the rate most recently approved by the office shall make a "file and use" filing. For purposes of this subparagraph, motor vehicle collision and comprehensive coverages are not considered property coverages.

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

Section 6. Subsection (2) of section 627.0621, Florida Statutes, is renumbered as subsection (3), present subsection (2) is amended, and a new subsection (2) is added to that section, to read:

627.0621 Transparency in rate regulation.—

(2) RATE TRANSPARENCY REPORT.—

(a) Beginning January 1, 2026, every rate filing requesting a rate change for residential property coverage from a property insurer must include a rate transparency report for acceptance for use or modification by the office. The office may accept the rate transparency report for filing, or if the office finds that the report fails to provide the required information in concise and plain language which aids consumers in their understanding of insurance, or finds the report to be misleading, the office shall return the rate transparency report to the property insurer for modification. The office's acceptance for use or modification of the report may not be deemed approval pursuant to s. 627.062. The report shall be compiled in a uniform format prescribed by the commission and must include a graphical representation identifying a percentage breakdown of rating factors anticipated of the company, book, or program affected by the filing.

(b) Along with an offer of coverage and upon renewal, an insurer must provide the corresponding copy of the rate transparency report for the consumer's offered rate to aid consumers in their understanding of insurance. If the report has not been accepted for use or modified by the office, the report must indicate that it is preliminary and subject to modification by the office.

(c) The rate transparency report must include the following categories of the book or program at the cumulative level:

1. The percentage of the total rate factor associated with the cost of reinsurance.

2. The percentage of the total rate factor associated with the cost of claims.

3. The percentage of the total rate factor associated with the defense containment and costs.

4. The percentage of the total rate factor associated with fees and commissions.

5. The percentage of the rate factor associated with profit and contingency of the insurer.

6. Any other categories deemed necessary by the office or commission.

An estimated percentage of the influence of each listed factor must be provided to equal 100 percent.

(d) The insurer shall provide the rate transparency report to the office upon the filing of a rate change with the office.

(e) The rate transparency report must also include the following information:

1. Any major adverse findings by the office for the previous 3 calendar years.

2. Whether the insurer uses affiliated entities to perform functions of the insurer.

3. Contact information, to include a telephone number, hours of service, and e-mail address for the Division of Consumer Services of the department.

4. Contact information for the office.

5. Address for the website for public access to rate filing and affiliate information outlined in subsection (3).

6. Any changes in the total insured value from the last policy period.

(f) The office shall define, in concise and plain language, any terms used with the rate transparency report to aid consumers in their understanding of insurance.

(3) ~~(2)~~ WEBSITE FOR PUBLIC ACCESS TO RATE FILING INFORMATION.—

(a) The office shall establish and maintain a comprehensive resource center on its website that uses concise and plain language to aid consumers in their understanding of insurance. The website must include substantive information on

the current and historical dynamics of the market, data concerning the financial condition and market conduct of insurance companies available to consumers, and choices available to consumers. At a minimum, the website must contain the following:

1. Reports, using graphical information wherever possible, which outline information about the state of the market and adverse and positive trends affecting it.

2. Tools that aid consumers in finding insurers.

3. Tools that aid consumers in selecting the coverages beneficial to them.

4. Information about mitigation credits and the My Safe Florida Home Program, as well as other credits insurers may offer beyond wind mitigation.

5. Access to the rate transparency report, annual statements, market conduct information, and other information related to each insurer.

6. Information on the Citizens Property Insurance Corporation takeout process, the clearinghouse, and general information as reported by the office.

7.~~(a)~~ With respect to any residential property rate filing~~, the office shall provide the following information on a publicly accessible Internet website~~:

a.~~1.~~ The overall rate change requested by the insurer.

b.~~2.~~ The rate change approved by the office along with all

of the actuary's assumptions and recommendations forming the basis of the office's decision.

c.~~3.~~ Certification by the office's actuary that, based on the actuary's knowledge, his or her recommendations are consistent with accepted actuarial principles.

d. Whether the insurer uses affiliated entities to perform administrative, claims handling, or other functions of the insurer and, if so, the total percentage of direct written premium paid to the affiliated entities by the insurer in the preceding annual calendar year.

(b) For any rate filing, regardless of whether ~~or not~~ the filing is subject to a public hearing, the office shall provide on its website a means for any policyholder who may be affected by a proposed rate change to send an e-mail regarding the proposed rate change. Such e-mail must be accessible to the actuary assigned to review the rate filing.

(c) The statewide average requested rate change and final approved statewide average rate change within a filing is not a trade secret as defined in s. 688.002 or s. 812.081(1) and is not subject to the public records exemption for trade secrets provided in s. 119.0715 or s. 624.4213.

(d) County rating examples submitted to the office through the rate collection system for the purposes of displaying rates on the office website are not a trade secret as defined in s. 688.002 or s. 812.081(1) and are not subject to the public

records exemption for trade secrets provided in s. 119.0715 or s. 624.4213.

Section 7. Paragraph (b) of subsection (3) of section 627.0645, Florida Statutes, is amended to read:

627.0645 Annual filings.—

(3) The filing requirements of this section shall be satisfied by one of the following methods:

(b) If no rate change is proposed, a filing which consists of a certification by an actuary that the existing rate level produces rates which are actuarially sound and which are not inadequate, as defined in s. 627.062. However, for residential property and private passenger motor vehicle insurers, a full rate filing is required after 2 consecutive years of certification under this paragraph.

Section 8. Paragraph (b) of subsection (1) of section 627.0651, Florida Statutes, is amended to read:

627.0651 Making and use of rates for motor vehicle insurance.—

(1) Insurers shall establish and use rates, rating schedules, or rating manuals to allow the insurer a reasonable rate of return on motor vehicle insurance written in this state. A copy of rates, rating schedules, and rating manuals, and changes therein, shall be filed with the office under one of the following procedures:

(b) If the filing is not made in accordance with the

provisions of paragraph (a), such filing shall be made as soon as practicable, but no later than 30 days after the effective date, and shall be considered a "use and file" filing. An insurer making a "use and file" filing is potentially subject to an order by the office to return to policyholders portions of rates found to be excessive, as provided in subsection (11). For purposes of this paragraph, an insurer may not submit more than one "use and file" filing impacting policyholders within a single policy period.

Section 9. Paragraph (ll) of subsection (6) of section 627.351, Florida Statutes, is amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(ll)1. In addition to any other method of alternative dispute resolution authorized by state law, the corporation may adopt policy forms that provide an option for the insured to select, at the time of entering into the policy or upon renewal, to have disputes regarding the corporation's claim determinations ~~for the resolution of disputes regarding its claim determinations~~, including disputes regarding coverage for, or the scope and value of, a claim, resolved through arbitration ~~in a proceeding~~ before the Division of Administrative Hearings. Each insured must be notified in writing, at the time of entering into a policy with the corporation and upon each renewal, that the insured must decide whether to resolve

disputes through arbitration before the Division of Administrative Hearings. Such notification must be in at least 12-point boldfaced type, immediately preceding the insured's signature in substantially the following form:

AN INSURED MUST CHOOSE AT THE TIME OF ENTERING INTO THIS POLICY OR UPON RENEWAL WHETHER TO RESOLVE DISPUTES THROUGH ARBITRATION BEFORE THE DIVISION OF ADMINISTRATIVE HEARINGS. THE INSURED MUST INDICATE THIS SELECTION BY MARKING 'ACCEPT' OR 'DECLINE' BELOW. THIS DECISION CANNOT BE CHANGED DURING THE TERM OF THE POLICY.

Any such policies are not subject to s. 627.70154. All arbitrations before ~~proceedings in~~ the Division of Administrative Hearings pursuant to such policies are subject to ss. 57.105 and 768.79 as if filed in the courts of this state and are not considered chapter 120 administrative proceedings. Rule 1.442, Florida Rules of Civil Procedure, applies to any offer served pursuant to s. 768.79, except that, notwithstanding any provision in Rule 1.442, Florida Rules of Civil Procedure, to the contrary, an offer shall not be served earlier than 10 days after filing the request for hearing with the Division of Administrative Hearings and shall not be served later than 10 days before the date set for the final hearing. The administrative law judge in such arbitrations ~~proceedings~~ shall award attorney fees and other relief pursuant to ss. 57.105 and

768.79. The corporation may not seek, and the office may not approve, a maximum hourly rate for attorney fees.

~~2. The corporation may contract with the division to conduct proceedings to resolve disputes regarding its claim determinations as may be provided for in the applicable policies of insurance. This subparagraph expires July 1, 2025.~~

Section 10. Paragraphs (c), (d), and (e) are added to subsection (2) of section 627.711, Florida Statutes, to read:

627.711 Notice of premium discounts for hurricane loss mitigation; uniform mitigation verification inspection form.—

(2)

(c) The office shall contract with a state university to design, operate, upgrade, and maintain a statewide database for uniform mitigation verification inspection forms. This database must be managed by the office to collect and evaluate mitigation features of residential properties within the state.

(d) Beginning January 1, 2026, each insurer shall electronically file a copy of uniform mitigation inspection forms submitted by policyholders in the database created pursuant to paragraph (c) within 15 business days after receipt using the electronic format prescribed by the office.

(e) The Financial Services Commission shall adopt rules to implement this subsection.

Section 11. Section 628.371, Florida Statutes, is amended to read:

628.371 Dividends to stockholders.—

(1) As used in this section, the term "affiliated entity" has the same meaning as in s. 624.347(1).

(2) ~~(1)~~ A domestic stock insurer or an affiliated entity shall not pay any dividend or distribute cash or other property to stockholders except out of that part of its available and accumulated surplus funds which is derived from realized net operating profits on its business and net realized capital gains.

(3) ~~(2)~~ Dividend payments or distributions to stockholders, without prior written approval of the office, shall not exceed the larger of:

(a) The lesser of 10 percent of surplus or net gain from operations (life and health companies) or net income (property and casualty companies), not including realized capital gains, plus a 2-year carryforward for property and casualty companies;

(b) Ten percent of surplus, with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains;

(c) The lesser of 10 percent of surplus or net investment income (net gain before capital gains for life and health companies) plus a 3-year carryforward (2-year carryforward for life and health companies) with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains.

(4) ~~(3)~~ In lieu of ~~the provisions in~~ subsection (3) ~~(2)~~, an

insurer or an affiliated entity may pay a dividend or make a distribution without the prior written approval of the office when:

(a) The dividend is equal to or less than the greater of:

1. Ten percent of the insurer's or the affiliated entity's surplus as to policyholders derived from realized net operating profits on its business and net realized capital gains; or

2. The insurer's or the affiliated entity's entire net operating profits and realized net capital gains derived during the immediately preceding calendar year; ~~and~~

(b) The insurer or the affiliated entity will have surplus as to policyholders equal to or exceeding 115 percent of the minimum required statutory surplus as to policyholders after the dividend or distribution is made; ~~and~~

(c) The insurer or the affiliated entity has filed notice with the office at least 10 business days before ~~prior to~~ the dividend payment or distribution, or such shorter period of time as approved by the office on a case-by-case basis. Such notice shall not create a right in the office to approve or disapprove a dividend otherwise properly payable hereunder; and

(d) The notice includes a certification by an officer of the insurer or the affiliated entity attesting that after payment of the dividend or distribution the insurer or the affiliated entity will have at least 115 percent of required statutory surplus as to policyholders.

(5)~~(4)~~ The office shall not approve a dividend or distribution in excess of the maximum amount allowed in subsection (2) ~~(1)~~ unless, considering the following factors, it determines that the distribution or dividend would not jeopardize the financial condition of the insurer or the affiliated entity:

(a) The liquidity, quality, and diversification of the insurer's assets and the effect on its ability to meet its obligations.

(b) Reduction of investment portfolio and investment income.

(c) Effects on the written premium to surplus ratios as required by the Florida Insurance Code.

(d) Industrywide financial conditions.

(e) Prior dividend distributions of the insurer or the affiliated entity.

(f) Whether the dividend is only a "pass-through" dividend from a subsidiary of the insurer or the affiliated entity.

(6)~~(5)~~ A dividend or distribution by a not-for-profit insurance company subsidiary to its mutual insurance holding company, directly or indirectly through one or more intermediate holding companies, pursuant to part III of this chapter, which meets the requirements of this section and which applies to a stock insurer, is permitted under this section.

(7) Approval of a dividend, distribution, or other

financial arrangement under this section must comply with the requirements of s. 624.347.

Section 12. Section 628.372, Florida Statutes, is created to read:

628.372 Authority over affiliate dividends.—

(1) The office has oversight and regulatory authority over the issuance of dividends or other financial arrangements paid to an affiliate.

(2) There may be no declaration or distribution of such dividends or other financial arrangements without prior approval of the office.

(3) Dividends and other financial arrangements must comply with the requirements of s. 624.347.

(4) Any unauthorized dividend, distribution, or other financial arrangement may result in penalties determined by the office.

(5) The office must adopt rules to implement this section.

Section 13. Subsection (5) of section 629.011, Florida Statutes, is amended, and subsections (6), (7), and (8) are added to that section, to read:

629.011 Definitions.—As used in this part, the term:

(4) "Distribution" means any transfer of money from the reciprocal insurer to subscribers other than for the payment of a claim, settlement of a legal dispute, or return of principle.

(6)~~(5)~~ "Reciprocal insurer" means an unincorporated

aggregation of subscribers operating individually and collectively through an attorney in fact to provide reciprocal insurance among themselves.

(a) An assessable reciprocal insurer is a reciprocal insurer that is able to levy an assessment on its subscribers to make up any shortfall in capital and surplus to cover claims and expenses as specified in s. 629.231.

(b) A nonassessable reciprocal insurer is a reciprocal insurer authorized under s. 629.091(3) or s. 629.291(5) to issue policies where there is no recourse against subscribers for any shortfall in capital and surplus to cover claims and expenses.

(7) "Subscriber contribution" means any transfer of money by a subscriber of a reciprocal insurer to the reciprocal insurer in excess of the premium approved by the office, when such money is counted as surplus for the reciprocal insurer or used to pay surplus notes.

(8) "Subscriber savings account" means any account in which a reciprocal insurer assigns money for the benefit of an individual subscriber, other than accounts holding money for the payment of a specific claim by or settlement of a specific legal dispute with that individual subscriber.

(9) "Subscribers' advisory committee" means the committee of a domestic reciprocal insurer which is formed in compliance with s. 629.201 and represents the interests of the subscribers.

Section 14. Section 629.071, Florida Statutes, is amended

to read:

629.071 Surplus funds required.—

(1) An assessable ~~A domestic~~ reciprocal insurer ~~hereunder formed~~, if it has otherwise complied with the applicable provisions of this code, may be authorized to transact insurance if it has and thereafter maintains surplus funds of not less than $3 million ~~$250,000~~.

(2) A nonassessable reciprocal insurer, if it has otherwise complied with the applicable provisions of this code, may be authorized to transact insurance if it has and thereafter maintains a surplus as to policyholders which is equal to that required under s. 624.408 for a domestic stock insurer authorized to transact like kinds of insurance ~~In addition to the surplus required to be maintained under subsection (1), the insurer shall have, when first so authorized, an expendable surplus of not less than $750,000~~.

Section 15. Effective upon this act becoming a law, subsection (3) of section 629.081, Florida Statutes, is amended to read:

629.081 Organization of reciprocal insurer.—

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

Section 16. Section 629.082, Florida Statutes, is created to read:

629.082 Reciprocal affiliates.—The attorney in fact of a

reciprocal insurer is an affiliated entity of the reciprocal for purposes of s. 624.10.

Section 17. Section 629.1015, Florida Statutes, is created to read:

629.1015 Affiliate fees.—

(1) Each reciprocal insurer doing business in this state which pays a fee, commission, or other financial consideration or payment to any affiliate directly or indirectly must provide to the office documentation supporting that such fee, commission, or other financial consideration or payment to any affiliate is fair and reasonable for each service being provided by contract. In determining whether the fee, commission, or other financial consideration or payment is fair and reasonable, the office must consider the following:

(a) The actual cost of each service provided by an affiliate;

(b) The relative financial condition of the reciprocal insurer and of the attorney in fact;

(c) The level of debt and how that debt is serviced;

(d) The amount of dividends paid by the attorney in fact and its affiliates and for what purpose;

(e) Whether the terms of the written contract benefit the reciprocal insurer and are in the best interest of the subscribers; and

(f) Any other such information as the office reasonably

requires in making this determination.

(2) For each agreement with an affiliate in force on July 1, 2025, each domestic reciprocal insurer shall provide to the office no later than October 1, 2025, the cost incurred by the affiliate to provide each service, the amount charged to the domestic reciprocal insurer for each service, and the dollar amount of fees forgiven, waived, or reimbursed by the affiliate for the 2 most recent preceding years. If the total dollar amount charged to the domestic reciprocal insurer was greater than the total cost to provide services for either year, the domestic reciprocal insurer must explain how it determined the fee was fair and reasonable. For any proposed contract with an affiliate effective after July 1, 2025, the domestic reciprocal insurer must provide documentation to support that the fee, commission, or other financial consideration or payment to the affiliate is fair and reasonable.

Section 18. Section 629.121, Florida Statutes, is amended to read:

629.121 Attorney in fact ~~Attorney's~~ bond.—

(1) Concurrently with the filing of the declaration provided for in s. 629.081, the attorney in fact of a domestic reciprocal insurer shall file with the office a bond in favor of this state for the benefit of all persons damaged as a result of breach by the attorney in fact of the conditions of his or her bond as set forth in subsection (2). The bond shall be executed

by the attorney in fact and by an authorized corporate surety and shall be subject to the approval of the office.

(2) The bond shall be in the sum of $300,000 ~~$100,000~~, aggregate in form, the bond conditioned that the attorney in fact will faithfully account for all moneys and other property of the insurer coming into his or her hands, and that he or she will not withdraw or appropriate to his or her own use from the funds of the insurer any moneys or property to which he or she is not entitled under the power of attorney.

(3) The bond shall provide that it is not subject to cancellation unless 30 days' advance notice in writing of cancellation is given both the attorney in fact and the office.

Section 19. Section 629.162, Florida Statutes, is created to read:

629.162 Subscriber contributions.—

(1) Reciprocal insurers may, subject to prior approval by the office, require contributions from subscribers in addition to premiums approved by the office.

(2) A reciprocal insurer shall clearly disclose required subscriber contributions on the declarations page of any policy issued by the reciprocal insurer, separate from any cost associated with the premium.

(3) Reciprocal insurers must provide subscribers an annual report detailing how each dollar of subscriber contributions was allocated or spent.

Section 20. Section 629.163, Florida Statutes, is created to read:

629.163 Subscriber savings accounts.—

(1) Reciprocal insurers may establish subscriber savings accounts.

(2) Moneys assigned to subscriber savings accounts are not considered distributions under s. 629.164.

(3) Subscriber savings accounts are subject to the following requirements:

(a) Reciprocal insurers must inform each subscriber, in writing, of the limitations and restrictions imposed upon the use or possession of moneys assigned to subscriber savings accounts.

(b) Reciprocal insurers must inform each subscriber, in writing, of the procedures used to assign moneys to subscriber savings accounts and any calculations used to determine the amount of moneys to be assigned to subscriber savings accounts.

(c) Advertisements marketing the benefits of subscriber savings accounts must note the limitations and restrictions imposed upon the use or possession of moneys assigned to subscriber savings accounts.

(d) Upon cancellation or nonrenewal of a subscriber's policy or policies, the subscriber is entitled, within 60 days, to all moneys assigned to the subscriber's savings account, except when such moneys are otherwise allocated by law or

contract, or when such assignment is prohibited by order of the office.

Section 21. Section 629.164, Florida Statutes, is created to read:

629.164 Subscriber distributions.—

(1) Reciprocal insurers may make distributions to subscribers from their subscriber savings accounts.

(2) The subscribers' advisory committee shall have the sole authority to authorize distributions, subject to prior written approval by the office.

(3) Any reciprocal insurer that otherwise authorizes distributions but prohibits subscribers from receiving distributions for a specified period of time, including after initial subscription, must renew the subscriber's policy for that period of time plus 1 additional policy year. This subsection does not prohibit the cancellation or nonrenewal of a policy pursuant to s. 624.4133 or by order of the office.

(4) A reciprocal insurer may return to its subscribers any unused premiums, savings, or credits accruing to their accounts. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes.

(5) In addition to the option provided in subsection (4), a domestic reciprocal insurer may, upon the prior written approval of the office, pay to its subscribers a portion of

unassigned funds of up to 10 percent of surplus, with distribution limited to 50 percent of net income from the previous calendar year. Such distribution may not unfairly discriminate between classes of risks or policies, or between subscribers, but may vary as to classes of subscribers based on the experience of the classes.

(6) Distributions and other financial arrangements must comply with the requirements of s. 624.347.

Section 22. Section 629.171, Florida Statutes, is amended to read:

629.171 Annual statement.—

(1) The subscribers' advisory committee shall procure an audited annual statement of the accounts and records of the insurer and the attorney in fact. The statement of the insurer must be prepared by an independent auditor at the expense of the reciprocal insurer and must be available for inspection by any subscriber. The statement of the attorney in fact must be prepared by an independent auditor at the expense of the attorney in fact.

(2) ~~(1)~~ The annual statement filing of a reciprocal insurer must ~~shall~~ be submitted ~~made and filed~~ by its attorney in fact.

(3) ~~(2)~~ The audited statement of the attorney in fact must ~~shall~~ be submitted with the annual statement filing of the reciprocal insurer, as required under s. 624.424, and supplemented by such information as may be required by the

office relative to the affairs and transactions of the attorney in fact relating ~~insofar as they relate~~ to the reciprocal insurer.

Section 23. Subsection (1) of section 629.181, Florida Statutes, is amended to read:

629.181 Financial condition; method of determining.—In determining the financial condition of a reciprocal insurer, the office shall apply the following rules:

(1) Subscriber contributions are ~~The surplus deposits of subscribers shall be~~ allowed as assets, except that any premium deposits delinquent for 90 days must ~~shall~~ first be charged against such subscriber contributions. Subscriber contributions may not exceed 2 percent of each individual subscribers' policy premium for a nonassessable reciprocal insurer and 10 percent of each individual subscribers' policy premium for an assessable reciprocal insurer ~~surplus deposit~~.

Section 24. Section 629.201, Florida Statutes, is amended to read:

629.201 Subscribers' advisory committee.—Each domestic reciprocal insurer must have a subscribers' advisory committee representing the interests of the subscribers.

(1) The subscribers' advisory committee of a domestic reciprocal insurer exercising the subscribers' rights must ~~shall~~ be formed in compliance with this section and ~~selected~~ under such rules as the subscribers adopt. Such rules, along with any

amendments, must be approved by the office before becoming effective.

~~(2) Not less than two-thirds of such committee shall be subscribers other than the attorney, or any person employed by, representing, or having a financial interest in the attorney.~~

(2)~~(3)~~ The subscribers' advisory committee shall perform all of the following duties:

(a) Supervise the finances of the insurer.~~;~~

(b) Supervise the insurer's operations to such extent as to ensure ~~assure~~ conformity with the subscribers' agreement, ~~and~~ power of attorney, and other governing documents.~~;~~

(c) Hire independent auditors, counsel, and other experts at the expense of the insurer as necessary to fulfill the committee's duties. ~~Procure the audit of the accounts and records of the insurer and of the attorney at the expense of the insurer; and~~

(d) Exercise any ~~Have such~~ additional powers and functions as may be conferred by the subscribers' agreement.

(3) The initial subscribers' advisory committee must be appointed by the original subscribers or the attorney in fact. Within 6 months after the reciprocal insurer is authorized to transact insurance, at least two-thirds of the committee members must be elected as provided for in subsections (4) and (5).

(4) The subscribers' advisory committee must be composed of subscribers of the reciprocal insurer. At least two-thirds of

the subscribers' advisory committee must be composed of subscribers who are independent of, not employed by, not representing, not selected by, and without any financial interest in the attorney in fact. The independent subscribers must be elected by the subscribers of the reciprocal insurer.

(5) Any rules governing the election of subscribers to the subscribers' advisory committee require all of the following:

(a) An electorate composed exclusively of all subscribers of the reciprocal insurer.

(b) Terms of not more than 5 years.

(c) A process that allows subscribers to nominate other subscribers for election to the subscribers' advisory committee.

(6) If a reciprocal insurer has more than 50 subscribers, the attorney in fact must provide a platform by which subscribers can communicate with each other regarding the subscribers' advisory committee election process.

Section 25. Section 629.271, Florida Statutes, is repealed.

Section 26. Effective upon this act becoming a law, subsections (1) and (2) of section 629.291, Florida Statutes, are amended to read:

629.291 Merger or conversion.—

(1) A reciprocal insurer, upon affirmative vote of not less than two-thirds of its subscribers who vote on such merger or conversion pursuant to due notice, and subject to approval by

the office of the terms therefor, may merge with another reciprocal insurer or be converted to a stock or mutual insurer, to be thereafter governed by the applicable sections of the Florida Insurance Code. However, a domestic stock insurer may not convert to a reciprocal insurer.

(2) A plan to merge a reciprocal insurer with another reciprocal insurer or for conversion of the reciprocal insurer to a stock or mutual insurer must be filed with the office on forms adopted by the commission ~~office~~ and must contain such information as the office reasonably requires to evaluate the transaction.

Section 27. Section 629.301, Florida Statutes, is amended to read:

629.301 Impaired reciprocal insurers.—

(1) If the assets of a domestic reciprocal insurer are at any time insufficient to discharge its liabilities, other than any liability on account of funds contributed by the attorney in fact or others, and to maintain the required surplus, its attorney in fact must immediately forthwith make up the deficiency or levy an assessment upon the subscribers for the amount needed to make up the deficiency, but subject to the limitation set forth in the power of attorney or policy.

(2) If the attorney in fact fails to make up such deficiency or to make the assessment within 30 days after the office orders the attorney in fact ~~him or her~~ to do so, or if

the deficiency is not fully made up within 60 days after the date the assessment was made, the insurer is deemed insolvent and must be proceeded against in the same manner as any other insurer under chapter 631 and the insurance ~~as authorized by this~~ code.

(3) If liquidation of a reciprocal ~~such an~~ insurer is ordered, the receiver must levy ~~an assessment shall be levied~~ upon the subscribers an assessment for such an amount as the receiver determines to be necessary to discharge all liabilities of the insurer. The liabilities must be~~, subject to limits as provided by this chapter, as the office determines to be necessary to discharge all liabilities of the insurer,~~ exclusive of any funds contributed by the attorney in fact or other persons, but inclusive of ~~including~~ the reasonable cost of the liquidation. The assessment is subject to any limits set forth in the power of attorney, the subscribers' agreement, the policy, or this chapter.

Section 28. Section 629.401, Florida Statutes, is repealed.

Section 29. Section 629.520, Florida Statutes, is repealed.

Section 30. Section 629.56, Florida Statutes, is created to read:

629.56 Unearned premium reserves.—A reciprocal insurer must maintain an unearned premium reserve at all times and as

required under s. 625.051.

Section 31. Reciprocal insurers licensed before July 1, 2025, have until July 1, 2026, to comply with the changes made to subscribers' advisory committees in s. 629.201, Florida Statutes. Reciprocal insurers licensed before July 1, 2025, have until July 1, 2027, to comply with the changes made to unearned premium reserve requirements imposed under s. 629.56, Florida Statutes.

Section 32. Except as otherwise expressly provided in this act and except for this section, which shall take effect upon this act becoming a law, this act shall take effect July 1, 2025.