Insurance & Banking Subcommittee

Wednesday, February 11, 2026
9:00 AM - 11:30 AM
Morris Hall (17 HOB)

Meeting Packet

Daniel Perez
Speaker

Bradford Yeager
Chair

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Insurance & Banking Subcommittee

Start Date and Time: Wednesday, February 11, 2026 09:00 AM

End Date and Time: Wednesday, February 11, 2026 11:30 AM

Location: Morris Hall (17 HOB)

Duration: 2.50 hrs

Consideration of the following bill(s):

HB 883 Protected Cell Captive Insurance Companies by Fabricio
CS/HB 951 One-cent Piece by Ways & Means Committee, McFarland, Overdorf
CS/HB 961 Salvage Certificates of Title and Certificates of Destruction by Government Operations Subcommittee, Albert
HB 1039 Establishment and Administration of a State Cryptocurrency Reserve by Snyder
HB 1415 Use of Digital Currency by the Department of Financial Services by Holcomb, Giallombardo

Consideration of the following proposed committee substitute(s):

PCS for HB 175 -- Payment Stablecoin
PCS for HB 1263 -- Office of Insurance Regulation
PCS for HB 1265 -- Public Records/Office of Insurance Regulation

NOTICE FINALIZED on 02/09/2026 4:42PM by Marks.Amie

HB 883

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 883	**COMPANION BILL:** SB 990 (Leek)
TITLE: Protected Cell Captive Insurance Companies	**LINKED BILLS:** None
SPONSOR(S): Fabricio	**RELATED BILLS:** None

Committee References

Insurance & Banking ➤ Civil Justice & Claims ➤ Commerce

SUMMARY

Effect of the Bill:
The bill authorizes protected cell captive insurance companies to operate and be domiciled in Florida, and creates a regulatory framework for such companies. A protected cell is a separate account established by a protected cell captive insurance company, which segregates a participant's assets and liabilities from other participants'.

The bill's regulatory framework addresses the following areas:
- Formation of a captive cell captive insurance company.
- Capital and surplus requirements.
- Segregation of assets and liabilities.
- Reinsurance contracts.
- Requirements to write business in Florida.
- Conservation, rehabilitation, and liquidation.
- Legal proceedings against protected cell captive insurance companies.
- Conversion.
- Financial Reporting.

Fiscal or Economic Impact:
There may be an indeterminate economic impact on the private sector.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Formation
The bill authorizes sponsors[1] to apply to the Office of Insurance Regulation ("OIR") to form a protected cell captive insurance company, provided that it only insures the risks of its protected cell participants.[2] As is currently the case for other types of captive insurance companies, a protected cell[3] captive insurance company may transact in all types of insurance except for workers' compensation and employer's liability, life, health, personal motor vehicle, and person residential property. (Section 2).

[1] A "sponsor" is any person or entity that is approved by OIR to provide all or part of the capital and surplus and to organize and operate a protected cell captive insurance company.
[2] A participant is defined by the bill as "a person or an entity, and any affiliate of such person or entity, which is insured by a protected cell captive insurance company, if the losses of the participant are limited through a participant contract."

"Protected cell" is defined by the bill as a separate account established by a protected cell captive insurance company. The account identifies a pool of assets and liabilities which is separated and insulated from the remainder of the protected cell captive insurance company's assets and liabilities in accordance with the terms of one or more participant contracts. (Section 1).

The bill provides that one or more sponsors may form a protected cell captive insurance company. The protected cell captive insurance company must be incorporated as one of the following entity types:

- as a stock insurer with its capital divided into shares and held by the stockholders;
- as a mutual corporation;
- as a nonprofit corporation with one or more members; or
- as a limited liability company. (Section 6).

An applicant protected cell captive insurance company must file the following information with OIR:

- Materials demonstrating how the applicant will account for the loss and expense experience of each protected cell.
- A statement acknowledging that all financial records of the applicant, including records related to any protected cells, must be made available for inspection or examination by OIR.
- All contracts or sample contracts between the applicant and any participants.
- Evidence that expenses will be allocated to each protected cell in a fair and equitable manner. (Section 6).

A protected cell captive insurance company may establish or maintain one or more incorporated or unincorporated protected cells, to insure risks of one or more participants, subject to the following conditions:

- A protected cell captive insurance company may establish one or more protected cells if OIR has approved in writing a plan of operation submitted by the protected cell captive insurance company with respect to each protected cell.
- Once OIR provides written approval of the plan of operation, the protected cell may attribute insurance obligations with respect to its insurance business to the protected cell.
- A protected cell must have its own distinct name or designation, which must include the word "protected cell," "incorporated cell," or an abbreviation of those designations.
- The protected cell must transfer all assets attributable to a protected cell to one or more separately established and identified protected cell accounts bearing the name or designation of that protected cell.
- Protected cell assets must be held in the protected cell accounts for the purpose of satisfying the obligations of that protected cell.
- An incorporated cell may be organized and operated in any form of business organization authorized by OIR. Each incorporated protected cell of a protected cell captive insurance company must be treated as a captive insurer and has the power to enter into contracts.
- All attributions of assets and liabilities between a protected cell and the general account[4] must be in accordance with the plan of operation and participant contracts[5] approved by OIR. These attributions must be in cash or in readily marketable securities[6] with established market values. (Section 6).

The bill provides that the creation of a protected cell does not create a legal person separate from the protected cell captive insurance company unless the protected cell is an incorporated cell. Amounts attributed to a protected cell are owned by the protected cell. A protected cell captive insurance company may not act as a trustee of the protected cell assets of the protected cell account. However, a protected cell captive insurance company may allow

[4] "General account" is defined in the bill as "all assets and liabilities of a protected cell captive insurance company not attributable to a protected cell."

[5] A "participant contract" is defined by the bill as a contract by which a protected cell captive insurance company insures the risks of a participant and limits the losses of each such participant to its proportional share of the assets of one or more protected cells identified in such contract.

[6] Marketable securities are very easy to convert to cash, and can be liquidated within minutes, hours, or at most days. *See* Investopedia, *Marketable Security: What it is, How it Works*, https://www.investopedia.com/terms/m/marketable_security.asp (last visited Feb. 9, 2026).

a security interest[7] to attach to the assets of a protected cell assets or a protected cell account if the security interest is in favor of a creditor of that protected cell. (Section 6).

The bill provides that a participant contract may not take effect without OIR's prior written approval. The addition of each new protected cell, the withdrawal of any participant, or the termination of any existing protected cell constitutes a change in the plan of operations, and requires OIR approval. (Section 6).

The bill provides that a protected cell captive insurance company may establish and operate both unincorporated and incorporated protected cells. (Section 6).

The bill provides that biographical affidavits are not required for participants in unincorporated cells, but biographical affidavits are required for owners of incorporated cells. (Section 6).

Capital and Surplus Requirements

The bill requires a protected cell captive insurance company to possess, and maintain, unimpaired paid-in capital of at least $100,000. For protected cell captive insurance companies incorporated as nonprofit corporations, the bill requires unrestricted net assets of at least $100,000. (Section 3).

The bill requires protected cell captive insurance companies to possess, and maintain, unimpaired surplus of at least $100,000. (Section 4).

Segregation of assets and liabilities

A protected cell captive insurance company must establish administrative and accounting procedures necessary to properly identify the protected cell captive insurance company as well as the protected cells assets, and protected cell liabilities attributable to the protected cells. The directors of a protected cell captive insurance company must keep protected cell assets and protected cell liabilities:

- Separate and separately identifiable from the assets and liabilities of the protected cell captive insurance company's general account; and
- Attributable to one protected cell separate and separately identifiable from protected cell assets and protected cell liabilities attributable to other protected cells. (Section 6).

If assets and liabilities are not kept separate, the bill provides the remedy of tracing[8]. (Section 6).

The bill provides that when establishing a protected cell, the protected cell captive insurance company must attribute to the protected cell assets a value at least equal to the reserves and other insurance liabilities attributed to that protected cell. (Section 6).

Each protected cell must be accounted for separately on the books and records of the protected cell captive insurance company to reflect the financial condition and results of operations of each protected cell. (Section 6).

An asset of a protected cell may not be liable for any business conducted by the protected cell captive insurance company on behalf of any other protected cell or the company's general account. (Section 6).

[7] A security interest is an enforceable legal claim or lien on collateral that has been pledged to obtain a loan. *See* Investopedia, *Understanding Security Interests: Legal Definition and Key Requirements,* https://www.investopedia.com/terms/s/security-interest.asp (last visited Feb. 9, 2026).

[8] Tracing is a remedy that is used to identify, follow, and recover property that has been mixed with other assets. *See* Kornfeld, *Principles of Tracing*, https://kornfeldllp.com/2021/06/principles-of-tracing/#:~:text=Tracing%20is%20a%20remedy%20that%20can%20be,bona%20fide%20purchaser%20for%20value%20without%20notice (last visited Feb. 10, 2026).

A protected cell captive insurance company may not sell, exchange, or otherwise transfer assets between or among any of its protected cells without the consent of the protected cells. However, the assets of two or more protected cells may be combined for purposes of investment. (Section 6).

The bill allows protected cell captive insurance companies to contract with or arrange for an investment advisor, commodity trading advisor, or other third party to manage the protected cell assets of a protected cell if all remuneration, expenses, and other compensation of the third party advisor or manager are payable from the protected cell assets of that protected cell, and not from the protected assets of other cells or the assets of the protected cell captive insurance company's general account. (Section 6).

The bill provides that the assets of a protected cell may not be used to pay any expenses or claims other than those attributable to the protected cell. (Section 6).

A protected cell captive insurance company's capital and surplus must at all times be available to pay any expenses or claims against the protected cell captive insurance company. (Section 6).

Reinsurance Contracts

The protected cell captive insurance company must attribute all insurance obligations, assets, and liabilities relating to a reinsurance contract entered into with respect to a protected cell to such protected cell. (Section 6).

Dividends and Distributions

A protected cell captive insurance company may not sell, exchange, transfer, or otherwise distribute assets, or pay any dividend or distribution from a protected cell to the company or to a participant without OIR's approval. The bill prohibits OIR from approving any sale, exchange, transfer, dividend, or distribution that would result in insolvency or impairment of a protected cell. (Section 6).

Business Written by a Protected Cell Captive Insurance Company

The bill requires the business written by a protected cell captive insurance company to be:

- Fronted[9] by an insurance company licensed under the laws of any state.
- Reinsured by a reinsurer authorized or approved by Florida.
- Secured by a trust fund in the United States for the benefit of policyholders and claimants or funded by an irrevocable letter of credit or other arrangement that is acceptable to OIR. The amount of security provided may not be less than the reserves associated with those liabilities which are neither fronted nor reinsured. (Section 6).

Conservation, Rehabilitation, or Liquidation

Each protected cell captive insurance company must notify OIR in writing within 10 business days of any protected cell that is insolvent or otherwise unable to meet its claim or expense obligations. (Section 6).

If a protected cell captive insurance company enters into conservation, rehabilitation, or liquidation proceedings, the assets and liabilities of a protected cell must be kept separate from those of other protected cells and the protected cell captive insurance company, to the extent OIR determines they are separable. (Section 6).
In the event of an insolvency of a protected cell captive insurance company where OIR determines that one or more protected cells remain solvent, OIR may separate those solvent cells from the protected cell captive insurance company and may allow for the conversion of such protected cells into one or more new or existing protected cell captive insurance companies. (Section 6).

[9] "Fronting" means the use of a licensed, admitted insurer to issue an insurance policy on behalf of a self-insured organization or captive insurer without the intention of transferring any of the risk. The risk of loss is retained by the self-insured or captive insurer with an indemnity or reinsurance agreement. However, the fronting company assumes a credit risk since it would be required to honor the obligations imposed by the policy if the self-insurer or captive failed to indemnify it. *See* International Risk Management Institute, *Fronting*, https://www.irmi.com/term/insurance-definitions/fronting#:~:text=Fronting%20refers%20to%20the%20use,Conferences (last visited Feb. 8, 2026).

The bill provides that upon any order of supervision, rehabilitation, or liquidation of a protected cell captive insurance company, the receiver[10] must manage the assets and liabilities of the protected cell captive insurance company. (Section 6).

Legal Proceedings Against a Protected Cell Captive Insurance Company

The pleadings in any legal action brought by or against a protected cell captive insurance company must specify which protected cell or cells are or should be named a party to the lawsuit. If the general account is party to the suit, such account must be separately identified in the pleadings as if it were a protected cell. (Section 6).

The bill provides that if a legal action brought against a protected cell captive insurance company does not specify one or more protected cells, it must be deemed to have been brought against the general account only. (Section 6).

The bill provides that any protected cell that is not named in the pleadings of a lawsuit may not be deemed to be a party to the legal action, and if erroneously named as a party, it is entitled to prompt dismissal from the lawsuit. (Section 6).

The bill provides that the assets of one protected cell may not be encumbered or seized to satisfy the obligations of or a judgment against any other protected cell, unless specified by the plan of operation. A protected cell does not have a duty to defend the rights and obligations of any other protected cell. (Section 6).

The bill provides that in any legal action involving a protected cell captive insurance company or a protected cell, any papers, documents, or property of a nonparty protected cell must be afforded the same status during discovery as the documents or property of any other unrelated third party. (Section 6).

Conversion

The bill provides that upon the application of a protected cell captive insurance company, one of its protected cells may be converted to any form of captive insurance company with OIR's consent. OIR may issue the converting protected cell a certificate of authority with an effective date of the original date of formation as a protected cell. (Section 6).

The bill provides that a captive insurance company may apply to OIR to become a protected cell captive insurance company. This conversion requires approval by OIR and the filing of amended organization documents with the Secretary of State. The effective date of the certificate of authority would remain the same as the effective date of the prior captive insurance company. (Section 6).

The bill provides that with the consent of both the affected protected cell captive insurance companies and OIR, an individual protected cell of a captive insurance company may disaffiliate from one protected cell captive insurance company and affiliate with another protected cell captive insurance company. The protected cell must maintain and carry over all assets and liabilities to the new protected cell captive insurance company. (Section 6).

The bill provides that with the consent of the affected protected cell captive insurance company or companies, the owners or the participants of the protected cells, and OIR, an individual protected cell of a captive insurance company may merge or otherwise combine assets or liabilities with another individual protected cell captive insurance company. The surviving protected cell must acquire all of the assets and liabilities of the merging protected cell. (Section 6).

The date of final conversion or disaffiliation of a protected cell shall be deemed a termination of that cell from the prior entity only for the purpose of annual reports, inspections, examinations, and taxation. (Section 6).

[10] The Department of Financial Services is the appointed receiver of all insurance companies ordered into receivership in Florida. *See* ch. 631, F.S.

Financial Reporting to OIR
Each protected cell captive insurance company must annually file with OIR any financial reports required by the office. The bill provides that these reports must include accounting statements detailing the financial experience of each protected cell. (Section 6).

Applicability of the Florida Insurance Code
The bill provides that the Florida Insurance Code does not apply to protected cell captive insurance companies, as is currently the case for captive insurance companies. (Section 5).

Effective Date
The bill provides an effective date of July 1, 2026. (Section 7).

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

There may be an indeterminate economic impact on the private sector to the extent that businesses may find it easier to self-insure through this model.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Office of Insurance Regulation
The Office of Insurance Regulation ("OIR") regulates all activities relating to insurers and other risk bearing entities, including licensing, rates, policy forms, marked conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision.[11]

Florida Insurance Code
The Florida Insurance Code[12] provides the regulatory framework for admitted insurers in the state. 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 OIR. These companies, referred to as authorized or admitted insurers, are broadly regulated by OIR under the Insurance Code as to reserves, surplus as to policyholders, solvency, rates and forms, market conduct, permissible investments, and affiliate relationships.[13] 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.[14]

The Florida Insurance Code also authorizes OIR examine the affairs, transactions, accounts, records, and assets of each insurer that holds a COA to transact insurance business in Florida.[15] 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.[16] OIR is also authorized to conduct market conduct examinations to determine compliance with applicable provisions of the Florida Insurance Code.

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[11] S. 20.121(3)(a), F.S.
[12] *See* s. 624.01, F.S.
[13] The Insurance Code consists of chs. 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S.
[14] For example, Florida licensed direct writers of property and casualty insurance must be members of the Florida Insurance Guaranty Association ("FIGA"), which handles the claims of insolvent insurers under part II of ch. 631, F.S., and insurers offering workers' compensation coverage in Florida must be members of the Florida Workers' Compensation Insurance Guaranty Association, which provides payment of covered claims for insurers that are declared insolvent under part V of ch. 631, F.S.
[15] S. 624.316(1)(a), F.S.
[16] S. 624.318(2), F.S.

Captive Insurance

Captive insurance is a specialized form of self-insurance allowing a business to create its own insurance company to cover specific types of risk. Rather than purchasing coverage from a traditional insurance company, the business establishes a "captive" insurance company to underwrite its own risks. The captive insurer operates by having its owner pay premiums to cover specific risks. The captive insurer then underwrites policies, invests the premiums, and manages claims. Profits can be returned to the owner as dividends, reinvested to build surplus, used to reduce future premiums, expand coverage, or fund risk management initiatives that help mitigate future losses.[17]

Captives are commonly used to manage unique or complex risks. Sometimes traditional commercial policies have policy gaps, exclusions, or are too expensive.[18]

The types of risk covered by captive insurance companies include:[19]

- Professional and management liability.
  - Errors and omissions
  - Directors and officers
- Product liability
- Specialized risks
  - Cyber liability
  - Environmental (i.e., pollution)
  - Active shooter
  - Terrorism
  - Supply chain disruption
  - Reputational risks
  - Cannabis
- Commercial property and casualty
  - General liability
  - Commercial auto
  - Property damage
  - Business interruption

Captive insurers are sometimes used to supplement traditional commercial policies with high deductibles or to cover self-insured retentions.[20]

Florida, authorizes and regulates captive insurance companies. A captive insurance company may do any and all insurance authorized under the insurance code, **except for** workers' compensation and employer's liability, life, health, personal motor vehicle, and personal residential property.[21]

Presently, there are three domestic captive insurers authorized to do business in Florida, two of which became authorized since the beginning of 2025.[22] Minimum unimpaired capital requirements for a Florida authorized captive insurer are:[23]

- Pure captive insurance company, at least $100,000.
- Industrial insured captive insurance company incorporated as a stock insurer, at least $200,000.

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[17] Captive.com, *The Expanding Role of Captives in Today's Changing Risk Market*, https://www.captive.com/news/the-expanding-role-of-captives-in-todays-changing-risk-market (last visited Feb. 9, 2026).
[18] *Id*.
[19] *Id*.
[20] *Id*.
[21] S. 628.905, F.S.
[22] Office of Insurance Regulation, *Active Company Search*, https://companysearch.floir.gov/ (last visited Feb. 9, 2026).
[23] S. 628.907(1), F.S.

- Special purpose captive insurance company, an amount determined by OIR after giving due consideration to the company's business plan, feasibility study, and pro forma financial statements and projections, including the nature of the risks to be insured.

Minimum maintained unrestricted net asset requirements for a Florida authorized captive insurer incorporated as a nonprofit corporation are: [24]

- Pure captive insurance company, at least $250,000.
- A special purpose captive insurance company, an amount determined by OIR after giving due consideration to the company's business plan, feasibility study, and pro forma financial statements and projections, including the nature of the risks to be insured.

Protected Cell Captive Insurance Companies

A protected cell captive is a single legal insurance entity that allows legally segregated companies to effectively receive the benefits of the captive insurance model without the costs of the full set-up of a standalone captive insurance company.[25]

Business joins the protected cell captive but its assets are kept in its own walled-off cell.[26] The assets in one participant's account may not be used to pay liabilities in another unless the respective participants have entered into an agreement to do so.[27] Each cell functions like a separate company protecting its finances from other cells and the core's general business.[28]

A hardening insurance market coupled with inflation has led to the growth of captive insurers, and in recent times, protected cell captives have seen a surge in popularity.[29]

Florida does not currently recognize protected cell captive insurance companies as a type of captive insurer. However, 28 states and the District of Columbia recognize protected cell captive insurance companies.[30]

[24] S. 628.907(2), F.S.
[25] Captive.com, *What is a Protected or Segregared Cell Captive?*, https://www.captive.com/articles/what-is-a-protected-or-segregated-cell-captive#:~:text=Tax%20deductibility%20of%20premiums%20not,an%20agreement%20to%20do%20so (last visited Feb. 9, 2026).
[26] *Id*.
[27] *Id*.
[28] *Id*.
[29] Anthony Bellano, *Protected Cell Structures Fuel Captive Growth*, Best's Review (August 2022), available at https://bestsreview.ambest.com/edition/2022/August/docs/BestsReviewAugust2022.pdf?reload=1673039112745&utm (last visited Feb. 9, 2026).
[30] States that recognize protected cell captive insurance companies include: Alabama, Arizona, Arkansas, Connecticut, Delaware, the District of Columbia, Georgia, Hawaii, Illinois, Iowa, Kansas, Kentucky, Maine, Michigan, Missouri, Montana, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, and Washington. *See* National Association of Insurance Commissioners, *Protected Cell Company Model Act*, https://content.naic.org/sites/default/files/model-law-state-page-290.pdf (last visited Feb. 9, 2026).

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee			Brackett	Miguez
Civil Justice & Claims Subcommittee				
Commerce Committee				

A bill to be entitled

An act relating to protected cell captive insurance companies; amending s. 628.901, F.S.; revising the definitions of the terms "captive insurance company" and "special purpose captive insurance company"; defining terms; amending s. 628.905, F.S.; specifying that a protected cell captive insurance company may only insure certain risks; amending s. 628.907, F.S.; revising the unimpaired paid-in capital requirements for captive insurance companies; revising the unrestricted net asset requirements for captive insurance companies incorporated as nonprofit corporations; amending s. 628.908, F.S.; revising the unimpaired surplus requirements for captive insurance companies; amending s. 628.909, F.S.; revising applicability; creating s. 628.921, F.S.; authorizing one or more sponsors to form a protected cell captive insurance company; requiring protected cell captive insurance companies to be incorporated in a specified manner; requiring applicant protected cell captive insurance companies to file certain information with the Office of Insurance Regulation; authorizing protected cell captive insurance companies to establish and maintain certain protected cells, subject to certain approvals granted by the office;

specifying conditions on protected cell establishment and maintenance; providing construction; specifying requirements regarding protected cells' assets and liabilities and their attribution; requiring protected cell captive insurance companies to file annual reports, as required by the office, and to notify the office when any protected cell is insolvent or unable to meet its obligations; requiring the office's approval before a participant contract may take effect; specifying requirements for any insurance business written by a protected cell captive insurance company and the security arrangements that must be established; authorizing the office to take certain actions in the event of an insolvency of a protected cell captive insurance company; requiring certain affidavits for owners of incorporated protected cells; authorizing the assets of two or more protected cells to be combined for a specified purpose; specifying that such combination may not be construed in a certain manner; authorizing the office to approve the use of certain methods for valuation of certain assets and liabilities and rating the risk attributable to a protected cell; requiring a receiver to manage the assets and liabilities of protected cell captive insurance companies under certain circumstances;

prohibiting assets of protected cells from being used to pay certain expenses and claims; requiring that protected cell captive insurance companies' capital and surplus be available to pay certain expenses or claims; specifying requirements in actions brought by or against protected cell captive insurance companies; specifying that certain legal actions are deemed to be brought against the general account only; specifying that protected cells not named in an action are not deemed to be a party to the action and are entitled to dismissal under certain circumstances; prohibiting the assets of protected cells from being encumbered or seized under certain circumstances; specifying that protected cells do not have a duty to defend the rights and obligations or other protected cells; requiring protected cell captive insurance companies and protected cells to be afforded a certain status during discovery; specifying that nonparty protected cells have standing under certain circumstances; authorizing protected cells to be converted to any authorized form of captive insurance company; authorizing the office to issue a specified certificate of authority; requiring converting protected cells to file certain organizational documents; specifying requirements for such documents;

specifying the formation date upon conversion; requiring converted protected cells to possess certain assets and liabilities; requiring the converting protected cell to submit amended organizational documents under certain circumstances; authorizing captive insurance companies to apply to the office for conversion to protected cell captive insurance companies; requiring captive insurance companies to be issued a revised certificate of authority under certain circumstances; specifying the effective date of such certificate; authorizing protected cells of a captive insurance company to disaffiliate and to affiliate with another protected cell captive insurance company under certain circumstances; authorizing the office to require changes to certain documents under certain circumstances; specifying the formation date of protected cells that affiliate with another protected cell captive insurance company; requiring such protected cells to maintain and carry over certain assets and liabilities; authorizing an individual protected cell to merge or otherwise combine assets and liabilities with another individual protected cell, subject to certain requirements; specifying that a hearing is not required for certain mergers; specifying the date of final conversion or

disaffiliation of a protected cell for certain purposes; specifying that the prior entity and successor entities are responsible for certain tasks; providing an effective date.

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

Section 1. Present subsections (8) through (11), (12) through (14), and (15) of section 628.901, Florida Statutes, are redesignated as subsections (9) through (12), (19) through (21), and (23), respectively, new subsections (8) and (13) through (15) and subsections (16) through (18) and (22) are added to that section, and subsection (2) and present subsection (14) of that section are amended, to read:

628.901 Definitions.—As used in this part, the term:

(2) "Captive insurance company" means a domestic insurer established under this part. A captive insurance company includes a protected cell captive insurance company, pure captive insurance company, special purpose captive insurance company, or industrial insured captive insurance company formed and licensed under this part.

(8) "General account" means all assets and liabilities of a protected cell captive insurance company not attributable to a protected cell.

(13) "Participant" means a person or an entity, and any

affiliate of such person or entity, which is insured by a protected cell captive insurance company, if the losses of the participant are limited through a participant contract.

(14) "Participant contract" means a contract by which a protected cell captive insurance company insures the risks of a participant and limits the losses of each such participant to its pro rata share of the assets of one or more protected cells identified in such contract.

(15) "Protected cell" means a separate account established by a protected cell captive insurance company formed or licensed under this part, in which account an identified pool of assets and liabilities is segregated and insulated by means of this part from the remainder of the protected cell captive insurance company's assets and liabilities in accordance with the terms of one or more participant contracts to fund the liabilities of the protected cell captive insurance company with respect to the participants as set forth in the participant contracts.

(16) "Protected cell assets" means all assets, contract rights, and general intangibles identified with and attributable to a specific protected cell of a protected cell captive insurance company.

(17) "Protected cell captive insurance company" means a captive insurance company:

(a) In which the minimum capital and surplus required by this part are provided by one or more sponsors;

(b) That is formed or licensed under this part;

(c) That insures the risks of separate participants through participant contracts; and

(d) That funds its liability to each participant through one or more protected cells and segregates the assets of each protected cell from the assets of other protected cells and from the assets of the protected cell captive insurance company's general account.

(18) "Protected cell liabilities" means all liabilities and other obligations identified with and attributed to a specific protected cell of a protected cell captive insurance company.

(21) ~~(14)~~ "Special purpose captive insurance company" means a captive insurance company that is formed or licensed under this part which ~~chapter that~~ does not meet the definition of any other type of captive insurance company defined in this section.

(22) "Sponsor" means any person or entity that is approved by the office to provide all or part of the capital and surplus required by this part and to organize and operate a protected cell captive insurance company.

Section 2. Paragraph (f) is added to subsection (1) of section 628.905, Florida Statutes, to read:

628.905 Licensing; authority.—

(1) A captive insurance company, if permitted by its charter or articles of incorporation, may apply to the office

for a license to do any and all insurance authorized under the insurance code, other than workers' compensation and employer's liability, life, health, personal motor vehicle, and personal residential property insurance, except that:

(f) A protected cell captive insurance company may only insure the risks of its protected cell participants.

Section 3. Subsections (1) and (2) of section 628.907, Florida Statutes, are amended to read:

628.907 Minimum capital and net assets requirements; restriction on payment of dividends.—

(1) A captive insurance company may not be issued a license unless it possesses and thereafter maintains the following applicable unimpaired paid-in capital requirements ~~of~~:

(a) In the case of a protected cell captive insurance company, at least $100,000.

(b) In the case of a pure captive insurance company, at least $100,000.~~;~~

(c)~~(b)~~ In the case of an industrial insured captive insurance company incorporated as a stock insurer, at least $200,000.~~; and~~

(d)~~(c)~~ In the case of a special purpose captive insurance company, an amount determined by the office after giving due consideration to the company's business plan, feasibility study, and pro forma financial statements and projections, including the nature of the risks to be insured.

(2) The office may not issue a license to a captive insurance company incorporated as a nonprofit corporation unless the company possesses and maintains the following applicable unrestricted net assets requirements ~~of~~:

(a) In the case of a protected cell captive insurance company, at least $100,000.

(b) In the case of a pure captive insurance company, at least $250,000.

(c) ~~(b)~~ In the case of a special purpose captive insurance company, an amount determined by the office after giving due consideration to the company's business plan, feasibility study, and pro forma financial statements and projections, including the nature of the risks to be insured.

Section 4. Subsection (1) of section 628.908, Florida Statutes, is amended to read:

628.908 Surplus requirements; restriction on payment of dividends.—

(1) The office may not issue a license to a captive insurance company unless the company possesses and maintains the following applicable unimpaired surplus requirements ~~of~~:

(a) In the case of a pure captive insurance company, at least $150,000.

(b) In the case of a protected cell captive insurance company, at least $100,000.

(c) In the case of an industrial insured captive insurance

company incorporated as a stock insurer, at least $300,000.

(d) ~~(c)~~ In the case of an industrial insured captive insurance company incorporated as a mutual insurer, at least $500,000.

(e) ~~(d)~~ In the case of a special purpose captive insurance company, an amount determined by the office after giving due consideration to the company's business plan, feasibility study, and pro forma financial statements and projections, including the nature of the risks to be insured.

Section 5. Subsection (1) of section 628.909, Florida Statutes, is amended to read:

628.909 Applicability of other laws.—

(1) The Florida Insurance Code does not apply to captive insurance companies, protected cell captive insurance companies, or industrial insured captive insurance companies except as provided in this part and subsections (2) and (3).

Section 6. Section 628.921, Florida Statutes, is created to read:

628.921 Protected cell captive insurance companies.—

(1) One or more sponsors may form a protected cell captive insurance company under this part.

(2) A protected cell captive insurance company must be incorporated as a stock insurer with its capital divided into shares and held by the stockholders, as a mutual corporation, as a nonprofit corporation with one or more members, or as a

limited liability company.

(3) In addition to the information required by chapter 624, each applicant protected cell captive insurance company must file all of the following information with the office:

(a) Materials demonstrating how the applicant will account for the loss and expense experience of each protected cell at a level of detail found to be sufficient by the office, and how it will report such experience to the office.

(b) A statement acknowledging that all financial records of the applicant, including records pertaining to any protected cells, must be made available for inspection or examination by the office or the office's designated agent.

(c) All contracts or sample contracts between the applicant and any participants.

(d) Evidence that expenses will be allocated to each protected cell in a fair and equitable manner.

(4) A protected cell captive insurance company formed or licensed under this part may establish and maintain one or more incorporated or unincorporated protected cells, to insure risks of one or more participants, subject to all of the following conditions:

(a)1. A protected cell captive insurance company may establish one or more protected cells if the office has approved in writing a plan of operation or amendments to a plan of operation submitted by the protected cell captive insurance

company with respect to each protected cell. A plan of operation must include, but is not limited to, the specific business objectives and investment guidelines of the protected cell. However, the office may require additional information in the plan of operation. The office may make the approval of a plan of operation or amendments to a plan of operation effective as of any date on or before the date the approval is signed so long as the effective date is no earlier than the date on which the plan of operation or amendments to the plan of operation were filed with the office.

2. Upon the office's written approval of the plan of operation, the protected cell captive insurance company, in accordance with the approved plan of operation, may attribute insurance obligations with respect to its insurance business to the protected cell.

3. A protected cell must have its own distinct name or designation, which must include the words "protected cell" or "incorporated cell." Such names or designations may also be reasonably abbreviated, including, without limitation, PC or P.C. for "protected cell"; IC, I.C., IPC, or I.P.C. for "incorporated cell"; and SC, S.C., SPC, or S.P.C. for "series cell."

4. The protected cell captive insurance company shall transfer all assets attributable to a protected cell to one or more separately established and identified protected cell

accounts bearing the name or designation of that protected cell. Protected cell assets must be held in the protected cell accounts for the purpose of satisfying the obligations of that protected cell.

5. An incorporated protected cell may be organized and operated in any form of business organization authorized by the office, including, but not limited to, an individual series of a limited liability company under chapter 605. Each incorporated protected cell of a protected cell captive insurance company must be treated as a captive insurer for purposes of this part and has the power to enter into contracts, including an individual series of a limited liability company. Unless otherwise permitted by the organizational documents of a protected cell captive insurance company, each incorporated protected cell of the protected cell captive insurance company must have the same directors, secretary, and registered office as the protected cell captive insurance company.

6. All attributions of assets and liabilities between a protected cell and the general account must be in accordance with the plan of operation and participant contracts approved by the office. A protected cell captive insurance company may not make other attributions of assets or liabilities between the protected cell captive insurance company's general account and its protected cells. Any attribution of assets and liabilities between the general account and a protected cell must be in cash

or in readily marketable securities with established market values.

(b) The creation of a protected cell does not create, with respect to that protected cell, a legal person separate from the protected cell captive insurance company unless the protected cell is an incorporated cell. Amounts attributed to a protected cell under this part, including assets transferred to a protected cell account, are owned by the protected cell. A protected cell captive insurance company may not act as, or hold itself out to be, a trustee of the protected cell assets of the protected cell account. Notwithstanding this subsection, a protected cell captive insurance company may permit a security interest to attach to the assets of a protected cell assets or a protected cell account if the security interest is in favor of a creditor of that protected cell and is otherwise authorized by applicable law.

(c) This subsection may not be construed to prohibit the protected cell captive insurance company from contracting with or arranging for an investment advisor, commodity trading advisor, or other third party to manage the protected cell assets of a protected cell if all remuneration, expenses, and other compensation of the third-party advisor or manager are payable from the protected cell assets of that protected cell and not from the protected cell assets of other protected cells or the assets of the protected cell captive insurance company's

general account.

(d)1. A protected cell captive insurance company must establish administrative and accounting procedures necessary to properly identify the one or more protected cells of the protected cell captive insurance company and the protected cell assets and protected cell liabilities attributable to the protected cells. The directors of a protected cell captive insurance company must keep protected cell assets and protected cell liabilities:

a. Separate and separately identifiable from the assets and liabilities of the protected cell captive insurance company's general account; and

b. Attributable to one protected cell separate and separately identifiable from protected cell assets and protected cell liabilities attributable to other protected cells.

2. If subparagraph 1. is violated, the remedy of tracing applies to protected cell assets that have been commingled with the protected cell assets of other protected cells or with the assets of the protected cell captive insurance company's general account. The remedy of tracing may not be construed as exclusive.

(e) When establishing a protected cell, the protected cell captive insurance company must attribute to the protected cell assets a value at least equal to the reserves and other insurance liabilities attributed to that protected cell.

(f) Each protected cell must be accounted for separately on the books and records of the protected cell captive insurance company to reflect the financial condition and results of operations of such protected cell, net income or loss, dividends or other distributions to participants, and such other factors as may be provided in the participant contract or required by the office.

(g) An asset of a protected cell may not be charged with, or otherwise made liable for, any liability arising out of insurance business conducted by the protected cell captive insurance company on behalf of any other protected cell or its general account.

(h) A protected cell captive insurance company may not sell, exchange, or otherwise transfer assets between or among any of its protected cells without the consent of such protected cells.

(i) A protected cell captive insurance company may not sell, exchange, transfer, or otherwise distribute assets, or pay any dividend or distribution, from a protected cell to the company or to a participant without the approval of the office. The office may not approve any sale, exchange, transfer, dividend, or distribution that would result in the insolvency or impairment of a protected cell.

(j) All attributions of assets and liabilities to the protected cells and the general account must be in accordance

with the plan of operation approved by the office. A protected cell captive insurance company may not attribute assets or liabilities between its general account and any protected cell, or between any protected cells. The protected cell captive insurance company must attribute all insurance obligations, assets, and liabilities relating to a reinsurance contract entered into with respect to a protected cell to such protected cell. The performance under such reinsurance contract and any tax benefits, losses, refunds, or credits allocated pursuant to a tax allocation agreement to which the protected cell captive insurance company is a party, including any payments made by or due to be made to the protected cell captive insurance company pursuant to the terms of such agreement, must reflect the insurance obligations, assets, and liabilities relating to the reinsurance contract which are attributed to such protected cell.

(k) In connection with the conservation, rehabilitation, or liquidation of a protected cell captive insurance company, the assets and liabilities of a protected cell must, to the extent the office determines they are separable, at all times be kept separate from, and may not be commingled with, those of other protected cells and the protected cell captive insurance company.

(l) Each protected cell captive insurance company must annually file with the office such financial reports as required

by the office. Any such financial report must include, without limitation, accounting statements detailing the financial experience of each protected cell.

(m) Each protected cell captive insurance company must notify the office in writing within 10 business days of any protected cell that is insolvent or otherwise unable to meet its claim or expense obligations.

(n) A participant contract may not take effect without the office's prior written approval. The addition of each new protected cell, the withdrawal of any participant, or the termination of any existing protected cell constitutes a change in the plan of operation requiring the office's prior written approval.

(o) The business written by a protected cell captive insurance company, with respect to each protected cell, must be:

1. Fronted by an insurance company licensed under the laws of any state;

2. Reinsured by a reinsurer authorized or approved by this state; or

3. Secured by a trust fund in the United States for the benefit of policyholders and claimants or funded by an irrevocable letter of credit or other arrangement that is acceptable to the office. The amount of security provided may not be less than the reserves associated with those liabilities which are neither fronted nor reinsured, including reserves for

losses, allocated loss adjustment expenses, incurred but not reported losses, and unearned premiums for business written through the participant's protected cell. The office may require the protected cell captive insurance company to increase the funding of any security arrangement established under this paragraph. If the form of security is a letter of credit, the letter of credit must be issued or confirmed by a bank approved by the office. A trust maintained pursuant to this paragraph must be established in a form and upon such terms as approved by the office.

(p) Notwithstanding this part or other laws of this state, and in addition to subsection (6), in the event of an insolvency of a protected cell captive insurance company where the office determines that one or more protected cells remain solvent, the office may separate such cells from the protected cell captive insurance company and may allow, on application of the protected cell captive insurance company, for the conversion of such protected cells into one or more new or existing protected cell captive insurance companies, or one or more other captive insurance companies, pursuant to such plan of operation as the office deems acceptable.

(q) Biographical affidavits are not required for participants in unincorporated cells. However, biographical affidavits are required for owners of incorporated cells, including series members of a series limited liability company.

(r) A protected cell captive insurance company formed or licensed under this part may establish and operate both unincorporated and incorporated protected cells.

(5) Notwithstanding subsection (4), the assets of two or more protected cells may be combined for purposes of investment, and such combination may not be construed as defeating the segregation of such assets for accounting or other purposes. Notwithstanding any other provision of the insurance code, the office may approve the use of alternative reliable methods for the valuation of protected cell assets and liabilities and for the rating of risks attributable to a protected cell.

(6) Upon any order of supervision, rehabilitation, or liquidation of a protected cell captive insurance company, the receiver shall manage the assets and liabilities of the protected cell captive insurance company pursuant to this part.

(7)(a) Assets of a protected cell may not be used to pay any expenses or claims other than those attributable to such protected cell.

(b) A protected cell captive insurance company's capital and surplus must at all times be available to pay any expenses of or claims against the protected cell captive insurance company.

(8)(a) The pleadings in any legal action brought by or against a protected cell captive insurance company must specify which protected cell or cells are or should be named a party to

the suit. If the general account is party to the suit, such account must be separately identified in the pleadings as if it were a protected cell.

(b) A legal action brought against a protected cell captive insurance company which does not specify one or more protected cells shall be deemed to have been brought against the general account only.

(c) Any protected cell that is not named in the pleadings of the legal action may not be deemed to be a party to the legal action. Any protected cell that is erroneously named as a party or named without proper cause is entitled to prompt dismissal from the legal action.

(d) Unless specified by the plan of operation, participant contract, or other prior contractual agreement, the assets of one protected cell may not be encumbered or seized to satisfy the obligations of or a judgment against any other protected cell. A protected cell does not have a duty to defend the rights and obligations of any other protected cell.

(e) In any legal action involving a protected cell captive insurance company or a protected cell, any papers, documents, or property of a nonparty protected cell must be afforded the same status during discovery as the documents or property of any other unrelated third party. A nonparty protected cell has standing to appear and petition for any appropriate relief to protect the confidentiality of its papers or documents.

(9)(a)1. Upon the application of a protected cell captive insurance company, one of its protected cells may be converted to any form of captive insurance company authorized pursuant to this part with the consent of the office. Upon compliance with this part, the office may issue to the converting protected cell a certificate of authority with an effective date of its original date of formation as a protected cell.

2. If the converting protected cell is a series of a limited liability company, the protected cell must file organizational documents with the Secretary of State which comply with this part. The organizational documents must include the date of formation as a series of a limited liability company. Upon conversion, the formation date of the series shall be deemed the formation date of the converted protected cell. The converted protected cell shall possess all assets and liabilities, including outstanding insurance liabilities, owned by the predecessor series.

3. If the converting protected cell is any other type of incorporated protected cell entity, the converting protected cell must submit amended organizational documents to the Secretary of State which comply with this part.

4. If the converting protected cell is neither a series of a limited liability company nor an incorporated protected cell, the protected cell must file organizational documents with the Secretary of State which comply with this part. The

organizational documents must include the date of formation as a protected cell. Upon conversion, the formation date of the protected cell is the formation date of the converted protected cell. The converted protected cell shall possess all assets and liabilities, including outstanding insurance liabilities, owned by the predecessor cell.

(b) A captive insurance company may apply to the office for conversion to become a protected cell captive insurance company under any form permitted under this part. Upon compliance with this part, approval by the office, and the filing of amended organizational documents with the Secretary of State, the captive insurance company must be issued a revised certificate of authority. The effective date of the revised protected cell captive insurance company's certificate of authority shall remain the same as the effective date of the prior captive insurance company.

(c) With the consent of both the affected protected cell captive insurance companies and the office, an individual protected cell of a captive insurance company may disaffiliate from one protected cell captive insurance company and affiliate with another protected cell captive insurance company. The office may require the affected protected cell captive insurance companies and the individual protected cell to make necessary changes to their business plans, organizational documents, participation contracts, or other governing documents before

approving the change in affiliation. The formation date of a protected cell that affiliates with another protected cell captive insurance company shall be the date of its original formation with the prior protected cell captive insurance company. A protected cell shall maintain and carry over all assets and liabilities, including outstanding insurance liabilities, to the new protected cell captive insurance company.

(d) With the consent of the affected protected cell captive insurance company or companies, the owners or the participants of the protected cells, and the office, an individual protected cell of a captive insurance company may merge or otherwise combine assets and liabilities with another individual protected cell of a protected cell captive insurance company. The office may require the affected protected cell captive insurance companies and the individual protected cells to make necessary changes to their business plans, organizational documents, participation contracts, or other governing documents before approving the change in affiliation. The formation date of a protected cell that merges or otherwise combines assets and liabilities with another protected cell captive insurance company is the date of the original formation of the surviving protected cell. The surviving protected cell must acquire all of the assets and liabilities, including outstanding insurance liabilities, of the merging protected

cell. A hearing is not required for mergers of protected cells effectuated under this section.

(e) Solely for the purposes of annual reports, inspections, examinations, and taxation, the date of final conversion or disaffiliation of a protected cell shall be deemed a termination of that cell from the prior entity. The prior entity shall be responsible for the accounting, oversight, and premium tax on any transactions prior to the date of final conversion or disaffiliation. The successor entity shall be responsible for the accounting, oversight, and premium tax on any transactions on or after the date of final conversion or disaffiliation.

Section 7. This act shall take effect July 1, 2026.

INSURANCE & BANKING SUBCOMMITTEE

HB 883 by Rep. Fabricio
Protected Cell Captive Insurance Companies

AMENDMENT SUMMARY
February 11, 2026

Amendment #892381by Rep. Fabricio (line 189):

- Increases the unimpaired paid-in capital requirements for protected cell captive insurance companies from $100,000 to $200,000.
- Increases the unimpaired paid-in capital requirement for nonprofit corporations forming a protected cell captive insurance company from $100,000 to $250,000.
- Increases the unimpaired surplus requirements for protected cell captive insurance companies from $100,000 to $150,000.

Amendment #394335 by Rep. Fabricio (line 417):

- Removes the word “conservation,” as that is a proceeding only available for foreign and alien insurers. Maintains language relating to rehabilitation and liquidation proceedings.

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 Fabricio offered the following:

Amendment

Remove lines 189-224 and insert:

(a) In the case of a protected cell captive insurance company, at least $200,000.

(b) In the case of a pure captive insurance company, at least $100,000.~~;~~

(c)~~(b)~~ In the case of an industrial insured captive insurance company incorporated as a stock insurer, at least $200,000.~~; and~~

(d)~~(c)~~ In the case of a special purpose captive insurance company, an amount determined by the office after giving due consideration to the company's business plan, feasibility study,

and pro forma financial statements and projections, including the nature of the risks to be insured.

(2) The office may not issue a license to a captive insurance company incorporated as a nonprofit corporation unless the company possesses and maintains the following applicable unrestricted net assets requirements ~~of~~:

(a) In the case of a protected cell captive insurance company, at least $250,000.

(b) In the case of a pure captive insurance company, at least $250,000.

(c) ~~(b)~~ In the case of a special purpose captive insurance company, an amount determined by the office after giving due consideration to the company's business plan, feasibility study, and pro forma financial statements and projections, including the nature of the risks to be insured.

Section 4. Subsection (1) of section 628.908, Florida Statutes, is amended to read:

628.908 Surplus requirements; restriction on payment of dividends.—

(1) The office may not issue a license to a captive insurance company unless the company possesses and maintains the following applicable unimpaired surplus requirements ~~of~~:

(a) In the case of a pure captive insurance company, at least $150,000.

(b) In the case of a protected cell captive insurance company, at least $150,000.

Amendment No.

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 Fabricio offered the following:

Amendment

Remove line 417 and insert:

(k) In connection with the rehabilitation

CS/HB 951

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 #: CS/HB 951	**COMPANION BILL:** SB 1074 (Gaetz)
TITLE: One-cent Piece	**LINKED BILLS:** None
SPONSOR(S): McFarland and Overdorf	**RELATED BILLS:** None

Committee References

Ways & Means	➤	Insurance & Banking	➤	Commerce
18 Y, 0 N, As CS				

SUMMARY

Effect of the Bill:
HB 951 establishes rounding procedures for sales tax dealers who, due to the discontinuation of the penny, are unable to provide exact change. Under the bill, cash transactions may be rounded to the nearest nickel after the calculation of tax is accounted for. The bill confirms that rounding cash transactions in this manner does not alter the amount of tax owed.

The bill also provides rounding provisions for cash payments made to secondary metals recyclers.

Additionally, the bill provides that the Florida Deceptive and Unfair Trade Practices Act does not apply to the rounding of consumer sales to the nearest nickel when the penny is no longer in production.

The bill takes effect upon becoming a law.

Fiscal or Economic Impact:
The Revenue Estimating Conference has not estimated the impact of the bill on state or local government revenues. Staff estimates the bill will not impact on state or local government revenues.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

If the one-cent piece (the penny) is no longer in production, an in-person cash transaction may be rounded to the nearest nickel.

The rounding rules for cash transactions, to be applied after tax is calculated and added to the sales price, would be as follows:

For amounts ending in:	Then round:
one or two cents	down to zero cents
three or four cents	up to five cents
six or seven cents	down to five cents
eight or nine cents	up to ten cents

Transactions already ending in zero or five cents are unchanged, and are not rounded.

Rounding to the nearest nickel does not apply to transactions conducted electronically, and for mixed-tender transactions, rounding to the nearest nickel applies only to the portion of the transaction paid in cash. The bill further provides that rounding under new s. 212.12(10)(c), F.S., does not increase or decrease the amount of sales tax due for in-person cash transactions. Further, rounding will not alter or affect the exact amounts authorized, cleared, or settled through any noncash payment system. (Section 1)

The bill amends s. 501.212, F.S., to provide that the Florida Deceptive and Unfair Trade Practices Act does not apply to rounding a consumer sale to the nearest nickel if the one-cent piece is no longer in production. (Section 2)

The bill amends s. 538.235, F.S., to provide that cash payments made to secondary metals recyclers must be made in full or rounded up to the nearest nickel if the one-cent piece is no longer in production. (Section 3)

The bill takes effect upon becoming a law. (Section 4)

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The Revenue Estimating Conference has not estimated the impact of the bill on state government revenues. Staff estimates that the bill will not impact on state government revenues.

LOCAL GOVERNMENT:

The Revenue Estimating Conference has not estimated the impact of the bill on local government revenues. Staff estimates that the bill will not impact on local government revenues.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Penny Production

The federal government has stopped manufacturing new pennies; however, the Federal Reserve will continue to recirculate the pennies still in existence, which are roughly 114 billion pennies.[1] The Treasury Department aims to help keep the existing supply of pennies in circulation by encouraging the public to spend their on-hand pennies, which will provide a smooth transition and allow retailers and point-of-sale system providers time to adapt to the change.[2]

Merchants may round transactions either up or down to the nearest five cents as pennies fall out of circulation.[3] However many states require sales tax to be calculated on the final sale price rounded to the nearest penny, so states and localities may need to amend their sales tax laws.[4]

[1] U.S. Department of the Treasury, *Penny Production Cessation FAQs* (December 23, 2025), *available at* https://home.treasury.gov/news/featured-stories/penny-production-cessation-faqs (last visited Jan. 20, 2026).
[2] *Id.*
[3] *Id.*
[4] *Id.*

Other countries, (e.g., Canada,[5] the Bahamas,[6] and several European Union countries[7]) have implemented rounding policies that eliminate the use of the one-cent coin in cash transactions using the same basic tenets:

- Round cash purchases down to the nearest nickel for totals ending in 1, 2, 6 or 7; round up to the nearest nickel for those ending in 3, 4, 8 or 9.
- Applies to only cash transactions.
- Occurs at the end of the transaction (after taxes are applied).
- Doesn't change the price for those possessing exact change.

Some states have proposed legislation or acted through state agencies[8]:

- Proposed legislation in New York (Assembly Bill A9274 and companion Senate Bill S8580) would require merchants to round final cash transactions based on the final cost of the item.
- Utah and Texas have provided guidelines on rounding.

The Florida Department of Revenue has published a Taxpayer Information Publication (TIP) advising retailers they must calculate Florida sales tax and discretionary sales surtax (local sales tax) on the actual sales price prior to any rounding[9]. The TIP also advises dealers to disclose their rounding methods for cash transactions prominently within the business.

Sales Tax

Florida's sales and use tax is a six percent levy on retail sales of a wide array of tangible personal property, admissions, transient lodgings, and commercial real estate rentals,[10] unless expressly exempted. Generally, the sales tax is added to the price of a taxable good and collected by the dealer from the purchaser at the time of sale.

Sales tax represents the majority of Florida's General Revenue (projected 73.9 percent for FY 2024-25)[11] and is administered by the Department of Revenue (DOR) under ch. 212, F.S. Sales tax revenue is distributed via a formula found in s. 212.20, F.S., with roughly 89.6% going to the General Revenue Fund, 10.3% going to local governments,[12] and the remainder being distributed to specified trust funds or sports facilities. For FY 2025-26, the Revenue Estimating Conference estimates that the sales tax collections under chapter 212, F.S., will result in more than $41 billion of total revenue, with distributions to the General Revenue Fund of roughly $37.4 billion.[13]

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[5] *Eliminating the Penny*, available at https://www.budget.canada.ca/2012/themes/theme2-eng.pdf (last visited Jan. 26, 2026).
[6] *Elimination of the One Cent Coin*, available at https://cdn.centralbankbahamas.com/download/075913500.pdf (last visited Jan. 26, 2026).
[7] *Rounding Rules and Cash Inflation When We No Longer Make Sense*, Federal Reserve Bank of Atlanta, available at https://www.atlantafed.org/blogs/macroblog/2025/11/03/rounding-rules-and-cash-inflation-when-we-no-longer-make-cents (last visited Jan. 26, 2026).
[8] National Conference of State Legislatures, *With Demise of the Penny, States Prepare for Change* by Joe Livingston (December 11, 2025) available at https://www.ncsl.org/state-legislatures-news/details/with-demise-of-the-penny-states-prepare-for-change (last visited Jan. 29, 2026).
[9] https://floridarevenue.com/taxes/tips/Documents/TIP_25A01-18.pdf
[10] Commercial real estate rentals are subject to a 2.0% sales tax pursuant to s. 212.031(1)(c), F.S.
[11] The Office of Economic and Demographic Research, *2024 Florida Tax Handbook*, p. 16 (last visited Jan. 26, 2026).
[12] The local government distributions include the Local Government Half-Cent Sales Tax Clearing Trust Fund under s. 218.61, F.S., county and municipal revenue sharing trust funds under s. 218.215, F.S., emergency distributions under s. 218.65, F.S., and a shift of a specified amount to counties that used to be funded from pari-mutuel revenues pursuant to s. 212.20(6)(d)6.a., F.S.
[13] Revenue Estimating Conference on General Revenue, held January 23, 2026 (last visited Jan. 29, 2026).

In 2021, Florida transitioned from the bracket system for calculating sales tax and discretionary sales surtax to a rounding algorithm.[14] Dealers are required to use a rounding algorithm that carries the tax computation to the third decimal place and always rounds up to the nearest whole cent when the third decimal place is greater than 4.[15] The DOR provides the following examples:[16]

- $5.045 rounds up to $5.05; and
- $3.213 rounds down to $3.21.

Dealers may compute the tax by applying the rounding algorithm to the combined taxable amount on an invoice or to the individual taxable items on an invoice.[17]

Dealer

Section 212.06(2)(a), F.S., defines "dealer" as including every person, as used in ch. 212, F.S., who manufactures or produces tangible personal property for sale at retail; for use, consumption, or distribution; or for storage to be used or consumed in Florida. The term is further defined with specifics in s. 212.06, F.S.

Florida Deceptive and Unfair Trade Practices Act (FRUTPA)

Defined in Part II of Chapter 501, F.S., the FRUTPA is Florida's main consumer-protection and fair-competition statute designed to police the marketplace making it unlawful to engage in unfair methods of competition or deceptive and unconscionable acts in the conduct of trade or commerce.

Section 501.212, F.S., provides circumstances in which the FRUTPA rules do not apply.

Secondary Metals Recyclers

Section 538.18(11), F.S., defines "secondary metals recycler" as a person who:

- Is engaged, from a fixed location, in the business of purchase transactions or gathering or obtaining ferrous or nonferrous metals that have served their original economic purpose or is in the business of performing the manufacturing process by which ferrous metals or nonferrous metals are converted into raw material products consisting of prepared grades and having an existing or potential economic value; or
- Has facilities for performing the manufacturing process by which ferrous metals or nonferrous metals are converted into raw material products consisting of prepared grades and having an existing or potential economic value, other than by the exclusive use of hand tools, by methods including, without limitation, processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing the physical form or chemical content thereof.

[14] *See* ch. 2021-2, Laws of Fla. *See also* the Florida Department of Revenue, Tax Information Publication (April 28, 2021), *available at* https://floridarevenue.com/taxes/tips/Documents/TIP_21A01-02.pdf (last visited Jan. 20, 2026).
[15] *Id*.
[16] *Id.*
[17] *Id. See also* s. 212.12(10)(b), F.S.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Ways & Means Committee	18 Y, 0 N, As CS	2/2/2026	Aldridge	Kurtz
THE CHANGES ADOPTED BY THE COMMITTEE:	The amendment: • Revises the bill to make rounding to the nearest nickel permissive rather than required. • Revised to add rounding provision for secondary metals recyclers. • Made non-substantive revisions to align bill language with Senate companion.			
Insurance & Banking Subcommittee			Brackett	Highsmith
Commerce Committee				

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

A bill to be entitled

An act relating to the one-cent piece; amending s. 212.12, F.S.; authorizing dealers to round to the nearest nickel in certain circumstances; specifying the methodology for such rounding; providing applicability and construction; amending s. 501.212, F.S.; providing that rounding to the nearest nickel is not a deceptive and unfair trade practice in certain circumstances; amending s. 538.235, F.S.; requiring that certain cash payments be made in the full amount due or rounded in a specified manner in certain circumstances; providing an effective date.

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

Section 1. Paragraphs (c) and (d) are added to subsection (10) of section 212.12, Florida Statutes, to read:

212.12 Dealer's credit for collecting tax; penalties for noncompliance; powers of Department of Revenue in dealing with delinquents; rounding; records required.—

(10)

(c) If the 1-cent piece is no longer in production, an in-person cash transaction may be rounded to the nearest nickel using the following methodology:

1. If the final digit of a cash transaction ends in 1 or 2

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

cents, it must be rounded down to zero.

2. If the final digit of a cash transaction ends in 3 or 4 cents, it must be rounded up to 5 cents.

3. If the final digit of a cash transaction ends in 6 or 7 cents, it must be rounded down to 5 cents.

4. If the final digit of a cash transaction ends in 8 or 9 cents, it must be rounded up to 10 cents.

5. Cash transactions ending in 0 or 5 cents are not rounded.

(d)1. Paragraph (c) applies only to cash transactions. For mixed-tender transactions, any portion of the transaction paid by a customer in cash shall be applied to the sale price, and any remaining amount, including taxes imposed by this chapter, shall be paid using electronic or other noncash payment methods.

2. Paragraph (c) does not alter the sales price, the amount of tax collected under this chapter, or any surcharges, assessments, or fees imposed on the sale.

3. Paragraph (c) applies to the sales price of the transaction or to the amount of change tendered to the purchaser.

4. Paragraph (c) does not alter or affect the exact amounts authorized, cleared, or settled through any noncash payment system or electronic transaction.

Section 2. Subsection (8) is added to section 501.212, Florida Statutes, to read:

501.212 Application.—This part does not apply to:

(8) Rounding a consumer sale to the nearest nickel if the 1-cent piece is no longer in production.

Section 3. Subsections (2) and (3) of section 538.235, Florida Statutes, are renumbered as subsections (3) and (4), respectively, and a new subsection (2) is added to that section, to read:

538.235 Method of payment.—

(2) Any cash payment made to a seller under this section shall be made in the full amount due or rounded up to the nearest nickel if the 1-cent piece is no longer in production.

Section 4. This act shall take effect upon becoming a law.

INSURANCE & BANKING SUBCOMMITTEE

HB 951 by Rep. McFarland
The One-cent Piece

AMENDMENT SUMMARY
February 11, 2026

Amendment #280501 by Rep. McFarland (strike-all):

- Adds a definition for “cash.”
- Clarifies payment methods that do not constitute cash, including electronic funds transfers, checks, gift cards, money orders, credit cards, or the non-cash portion of a mixed-tender transaction.
- Makes other technical changes.

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 McFarland offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Paragraph (c) is added to subsection (10) of section 212.12, Florida Statutes, to read:

212.12 Dealer's credit for collecting tax; penalties for noncompliance; powers of Department of Revenue in dealing with delinquents; rounding; records required.—

(10)

(c)1. For purposes of this paragraph, the term "cash" has the same meaning as defined in 12 U.S.C. s. 4001.

2. If the 1-cent piece is no longer in production, an in-person cash transaction may be rounded to the nearest nickel

using the following methodology:

a. If the final digit of a cash transaction ends in 1 or 2 cents, it must be rounded down to zero.

b. If the final digit of a cash transaction ends in 3 or 4 cents, it must be rounded up to 5 cents.

c. If the final digit of a cash transaction ends in 6 or 7 cents, it must be rounded down to 5 cents.

d. If the final digit of a cash transaction ends in 8 or 9 cents, it must be rounded up to 10 cents.

e. Cash transactions ending in 0 or 5 cents are not rounded.

3. Rounding to the nickel applies only to cash transactions. Rounding to the nickel does not apply to any transaction for which payment is made by a noncash method, including electronic funds transfer; check; gift card; money order; credit card; or mixed tender, except to the extent that cash is dispersed to the purchaser.

4. Rounding to the nickel does not alter the sales price, the amount of tax collected under this chapter, or any surcharges, assessments, or fees imposed on the sale.

5. Rounding to the nickel may apply to the amount of the transaction or to the amount of change tendered to the purchaser.

6. Rounding to the nickel does not alter or affect the exact amounts authorized, cleared, or settled through any noncash payment system or electronic transaction.

Section 2. Subsection (8) is added to section 501.212, Florida Statutes, to read:

501.212 Application.—This part does not apply to:

(8) Rounding a consumer sale to the nickel if the 1-cent piece is no longer in production.

Section 3. Present subsections (2) and (3) of section 538.235, Florida Statutes, are redesignated as subsections (3) and (4), respectively, and a new subsection (2) is added to that section, to read:

538.235 Method of payment.—

(2) Any cash payment made to a seller under this section shall be made in the full amount due or rounded up to the nearest nickel if the 1-cent piece is no longer in production.

Section 4. This act shall take effect upon becoming a law.

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

Remove line 3 and insert:

212.12, F.S.; defining the term "cash"; authorizing dealers to round to the

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 #: CS/HB 961	**COMPANION BILL:** SB 684 (McClain)
TITLE: Salvage Certificates of Title and Certificates of Destruction	**LINKED BILLS:** None
SPONSOR(S): Albert	**RELATED BILLS:** None

Committee References

Government Operations
15 Y, 0 N, As CS
➤ Insurance & Banking ➤ State Affairs

SUMMARY

Effect of the Bill:
The bill replaces a requirement that electronic signatures on odometer disclosures by insurance companies related to certificates of destruction or salvage certificates of title for motor vehicles and mobile homes meet specific authentication standards with a requirement that insurance companies (or their authorized agents) implement secure control processes and procedures for electronic signatures that are acceptable to the Department of Highway Safety and Motor Vehicles.

Fiscal or Economic Impact:
None

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill removes the existing requirement that electronic signatures on odometer disclosures submitted by insurance companies use systems that meet heightened digital identity standards under the National Institute of Standards and Technology's Digital Identity Guidelines. The bill replaces that provision with a requirement that insurance companies, or their authorized agents, implement their own control processes and procedures acceptable to the Department of Highway Safety and Motor Vehicles to ensure adequate identity verification, preservation, disposition, integrity, security, confidentiality, and auditability of electronic signatures on odometer disclosures related to certificates of destruction or salvage certificates of title. (Section 1)

The effective date of the bill is July 1, 2026. (Section 2)

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Electronic Signatures

The "Electronic Signature Act of 1996"[1] provides that unless otherwise provided by law, an electronic signature[2] may be used to sign a writing and has the same force and effect as a written signature. Federal law grants electronic signatures the same force and effect as written signatures for transactions affecting interstate and foreign commerce.[3]

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[1] Ch. 668, part I, F.S.
[2] S. 668.003(4), F.S., defines "electronic signature" as any letters, characters, or symbols, manifested by electronic or similar means, executed or adopted by a party with an intent to authenticate a writing. A writing is electronically signed if an electronic signature is logically associated with such writing.
[3] 15 U.S.C. s. 7001.

Requirements for Salvage Certificates of Title and Certificates of Destruction

The owner of a motor vehicle or mobile home that is considered to be salvage[4] is required to forward the title of the motor vehicle or mobile home to the Department of Highway Safety and Motor Vehicles (DHSMV) for processing within 72 hours after the motor vehicle or mobile home becomes salvage.[5] In the case of an insurance company that pays for the salvaged motor vehicle or mobile home, however, it must first obtain the certificate of title.[6] Then the insurer must notify the National Motor Vehicle Title Information System[7] and, within 72 hours after receiving the certificate of title, forward it to DHSMV.[8]

The certificate of title may be forwarded to the DHSMV via electronic means, the United States Postal Service, or other commercial delivery service (e.g., FedEx or UPS).[9] The owner or insurance company may not dispose of a vehicle or mobile home that is a total loss before it obtains a salvage certificate of title[10] or certificate of destruction from DHSMV.[11] To facilitate the issuance of salvage certificates of title and certificates of destruction when the insurer has been unable to obtain the title from the insured so that it may be surrendered to DHSMV, the insurer may receive a salvage certificate of title or certificate of destruction from DHSMV 30 days after paying the claim, if the insurer has:

- Obtained a release of all liens.
- Provided proof of payment of the total loss claim.
- Provided an affidavit[12] signed by the insurance company or its authorized agent stating the attempts[13] that have been made to obtain the title from the owner or lienholder and further stating that all attempts are to no avail.

Odometer Disclosures

All certificates of title are required to contain an odometer disclosure statement, which is required by federal regulations[14] to be filled out[15] and signed before the title may be transferred.[16] In September 2019, the U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) announced the publication of a Final Rule establishing standards for states to follow when accepting odometer disclosures in an electronic format.[17] Odometer fraud is a federal crime[18] and NHTSA rules have required sellers to disclose vehicle

[4] S. 319.30(1)(t), F.S., defines "salvage" as a motor vehicle or mobile home that is a total loss.
[5] S. 319.30(3)(b), F.S.
[6] S. 319.30, F.S.
[7] The National Motor Vehicle Title Information System (NMVTIS) is an electronic system that provides consumers with valuable information about a vehicle's condition and history. NMVTIS allows consumers to find information on a vehicle's title, most recent odometer reading, brand history, and, in some cases, historical theft data. *See* National Motor Vehicle Title Information System, *For Consumers* (last visited January 23, 2026).
[8] S. 319.30(3)(b), F.S.
[9] *Id.*
[10] S. 319.001(1), F.S., defines "certificate of title" as the record that is evidence of ownership of a vehicle, whether a paper certificate authorized by the DHSMV or a certificate consisting of information that is stored in an electronic form in the DHSMV's database.
[11] S. 319.30(1)(a), F.S., defines "certificate of destruction" as a certificate issued pursuant to s. 713.78(11) or s. 713.785(7)(a), F.S.
[12] The affidavit must include a request that the salvage certificate of title or certificate of destruction be issued in the insurance company's name due to payment of a total loss claim to the owner or lienholder. S. 319.30(3)(b)1.c., F.S.
[13] The attempts to contact the owner may be by written request delivered in person or by first-class mail with a certificate of mailing to the owner's or lienholder's last known address. S. 319.30(3)(b)1.c., F.S. If the owner or lienholder is notified of the request for title in person, the insurance company must provide an affidavit attesting to the in-person request for a certificate of title. S. 319.30(3)(b)2., F.S.
[14] S. 319.225(2), F.S.
[15] 49 C.F.R. s. 580.5(a).
[16] 49 C.F.R. s. 580.5(c). ("This disclosure must be signed by the transferor…")
[17] 49 C.F.R. Part 580, *Final Rule* (September 16, 2019).
[18] 49 U.S.C. s. 32703.

odometer readings at the time of sale for decades.[19] Most vehicle transfers have been subject to a requirement that odometer disclosures be made in a paper format with handwritten names and wet ink signatures. This Final Rule removed the paper requirement and allowed electronic disclosure systems that have robust security and authentication. This action also removed the last remaining federal impediment to paperless motor vehicle transfers.[20] Instead of moving to an entirely paperless system, some states, like Florida, have continued to use hybrid odometer disclosure systems, where title transferors and transferees fill out odometer disclosures on paper forms that are then entered into an electronic system.[21]

While current law authorizes any electronic signature consistent with the state Electronic Signature Act to satisfy the requirements related to the issuance of a salvage certificate of title or certificate of destruction,[22] when it comes to odometer disclosures submitted by insurance companies to obtain a salvage certificate of title or certificate of destruction, electronic signatures must meet a heightened verification standard set by the federal National Institute of Standards and Technology (NIST) Digital Identity Guidelines.[23] The NIST guidelines have three assurance categories for digital identity verification:[24]

- Identity Assurance: Conveys the degree of confidence that the applicant's claimed identity is their real identity.
- Authenticator Assurance: Describes the strength of the authentication process.
- Federation Assurance: Describes the verification protocol used by a set of networked systems to communicate authentication information.

Each assurance category contains three levels, with level 1 being the weakest and level 3 the strongest.[25] Current law requires the electronic signatures on odometer disclosures submitted by insurance companies to obtain a salvage certificate of title or certificate of destruction to be at least level 2 for all assurance levels.[26]

[19] 49 C.F.R. s. 580
[20] 49 C.F.R. s. 580.5.
[21] 49 C.F.R. Part 580, *Final Rule*, pg. 23-24 (September 16, 2019).
[22] S. 319.30(3)(d), F.S.
[23] U.S. Department of Commerce, National Institute of Standards and Technology, *NIST Special Publication 800-63-3, Digital Identity Guidelines* (last visited January 23, 2026).
[24] *Id.*
[25] *Id.*
[26] *Id.*

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Government Operations Subcommittee	15 Y, 0 N, As CS	1/29/2026	Toliver	Lines
THE CHANGES ADOPTED BY THE COMMITTEE:	Allowed authorized agents of insurance companies to provide electronic signatures on odometer disclosures in the same way the bill permits insurance companies to do.			
Insurance & Banking Subcommittee			Brackett	Veigle
State Affairs Committee				

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

A bill to be entitled

An act relating to salvage certificates of title and certificates of destruction; amending s. 319.30, F.S.; requiring insurance companies or their authorized agents to implement control processes and procedures to ensure adequate identity verification of electronic signatures; providing an effective date.

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

Section 1. Paragraph (d) of subsection (3) of section 319.30, Florida Statutes, is amended to read:

319.30 Definitions; dismantling, destruction, change of identity of motor vehicle, vessel, or mobile home; salvage.—

(3)

(d) An electronic signature that is consistent with chapter 668 satisfies any signature required under this subsection, except that an electronic signature on an odometer disclosure submitted through an insurance company must be executed using an electronic signature, as defined in s. 668.003(4). The insurance company or its authorized agent shall implement control processes and procedures acceptable to the department to ensure adequate identity verification, preservation, disposition, integrity, security, confidentiality, and auditability of the electronic signature~~, which uses a~~

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

~~system providing an Identity Assurance Level, Authenticator Assurance Level, and Federation Assurance Level, as described in the National Institute of Standards and Technology Special Publication 800-63-3, as of December 1, 2017, which are equivalent to or greater than Level 2, for each level, for a certificate of destruction or for a salvage certificate of title~~.

Section 2. This act shall take effect July 1, 2026.

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 1039 **TITLE:** Establishment and Administration of a State Cryptocurrency Reserve **SPONSOR(S):** Snyder	**COMPANION BILL:** CS/SB 1038 (Gruters) **LINKED BILLS:** None **RELATED BILLS:** None

Committee References

Insurance & Banking ➤ Government Operations ➤ State Administration Budget ➤ Commerce

SUMMARY

Effect of the Bill:
The bill establishes a state cryptocurrency reserve as a special fund outside of the State Treasury. The bill provides that the Chief Financial Officer has custody of the reserve and is responsible for its administration and management. The bill specifies the sources of reserve funds and creates criteria that cryptocurrencies must meet to be eligible for the reserve. The bill creates requirements for custodians and liquidity providers. The bill permits the Chief Financial Officer to transfer funds out of the reserve under limited conditions. The bill requires the Chief Financial Officer to publish and submit biennial reports to the President of the Senate and the Speaker of the House of Representatives containing information on assets in the reserve.

Fiscal or Economic Impact:
The bill may have an indeterminate fiscal impact on the state government and private sector.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Establishment of the Florida Strategic Cryptocurrency Reserve
The bill establishes a cryptocurrency[1] reserve as a special fund outside of the State Treasury. (Section 1).

The bill provides that the Chief Financial Officer ("CFO") has custody of and administers and manages the reserve. (Section 1).

The bill provides that the reserve will consist of:
- Money transferred or deposited to the credit of the reserve by legislative appropriation.
- Revenue that the Legislature dedicates for deposit to the credit of the reserve.
- Cryptocurrency purchased using money in or received by the reserve.
- Investment earnings and interest or rewards earned on assets in the reserve. (Section 1).

Legislative appropriation:
The bill provides that the Legislature may appropriate funds for deposit to the credit of the reserve for the purposes of:
- Investing in cryptocurrency.
- Administering and managing the reserve. (Section 1).

[1] The bill defines cryptocurrency as a type of virtual currency, as defined in s. 896.101(2), F.S., which uses cryptography to secure transactions that are digitally recorded on a distributed ledger, such as blockchain.

Authority and responsibilities of the Chief Financial Officer

To administer and manager the reserve, the bill authorizes the CFO to acquire, exchange, sell, supervise, manage, or retain any kind of investments as long as the CFO does so while exercising the care, skill, and caution that a prudent investor exercising reasonable care would do. (Section 1).

While administering and managing the reserve, the bill requires the CFO to consider the purposes, terms, distribution requirements, and other circumstances pertaining to the reserve as well as the investment of all the assets of the reserve rather than a single investment. (Section 1).

The bill permits the CFO to use derivatives, if the CFO determines that doing so is in the best interest of the reserve. (Section 1).

The bill authorizes the CFO to spend cryptocurrency in the reserve or use the net proceeds from the sale of cryptocurrency in the reserve to pay the reasonable costs of administering and managing the reserve. (Section 1).

Market capitalization

The bill requires cryptocurrency to have had an average market capitalization of at least $500 billion over the most recent 24-month period to be eligible for the reserve.[2] (Section 1).

Third-party contracts

The bill permits the CFO to contract with one or more of the following parties for the administration or management of the reserve:

- A technology provider of a secure custody solution.
- A qualified custodian that uses a secure custody solution.
- A qualified liquidity provider to facilitate the purchase and sale of assets in the reserve. (Section 1).

The bill defines "secure custody solution" as a technological system that meets all of the following criteria:

- The cryptographic private keys[3] are:
  - Known only by and can only be accessed by the government.
  - Kept in an encrypted environment and can be accessed only through fully encrypted channels.
  - Never stored on or accessible through a smartphone.
- The hardware containing the cryptographic private keys is kept in a secure data center.
- Transactions require authorization under a multiparty governance structure.
- User access control is enforced and all actions taken by users are logged.
- The provider of the technological system has implemented a disaster recovery protocol ensuring state access to assets if the provider becomes unavailable.
- The technological system is routinely reviewed through code audits and penetration testing, and any security issues are promptly addressed. (Section 1).

The bill defines "qualified custodian" as a state or federally chartered financial institution or other entity regulated by this state which is authorized to have custody of virtual currencies on behalf of its clients. (Section 1).

[2] As of February 2026, Bitcoin (BTC) is the only cryptocurrency that would satisfy the market cap requirement, with a market cap of approximately $1.3 trillion. The next largest cryptocurrencies, Ethereum (ETH) and Tether (USDT) have market caps of approximately $232 billion and $185 billion, respectively. https://www.forbes.com/digital-assets/crypto-prices/ (last visited Feb. 6, 2026).

[3] The bill defines "private key" as a unique element of cryptographic data used for signing transactions on blockchain, known only to the owner.

The bill defines "qualified liquidity provider" as an entity meeting all of the following requirements:

- Is licensed or regulated under applicable federal or state law.
- Maintains audited financial statements prepared by a regulated auditor.
- Has at least 5 years of experience trading in the digital assets industry.
- Maintains an office and has a registered principal in this state.
- Is certified by the CFO that they meet the above requirements. (Section 1).

The bill permits the CFO to contract with a certified public accountant to perform an independent audit of the reserve. (Section 1).

State Treasury

The bill authorizes money in the reserve to be invested with the State Treasury. (Section 1).

The bill provides that the CFO may only transfer money in the reserve to the State Treasury when:

- authorized by the Legislature in the General Appropriations Act or other law, or
- available state funds are not sufficient to pay certain military expenses for the Florida National Guard.[4]
    - The bill permits the CFO to liquidate reserve assets in order to temporarily transfer money from the reserve to the State Treasury in order to cover the military expenses.
    - The bill requires the CFO to return the transferred money to the reserve as soon as practicable, along with any interest earned on the money while held in the State Treasury. (Section 1).

Florida Strategic Cryptocurrency Reserve Advisory Committee

The bill establishes the Florida Strategic Reserve Advisory Committee. (Section 1).

The bill requires the advisory committee to advise the CFO regarding the administration and management of the reserve, including:

- Recommendations for valuing assets in the reserve.
- The establishment of prudent investment policies relating to the investment objectives of and asset allocation in the reserve.
- Recommendations for the establishment of prudent custody and security policies for the reserve. (Section 1).

The advisory committee is composed of the following five members:

- The CFO, who serves as the chair.
- Four members appointed by the CFO as follows:
    - Three members with expertise in cryptocurrency investments.
    - One member with expertise in digital asset security.

Members of the committee are not entitled to receive compensation for service on the committee, but may be reimbursed for per diem and travel expenses. (Section 1).

Members of the committee serve at the will of the CFO. (Section 1).

Biennial report

The bill requires the CFO to publish and submit to the President of the Senate and the Speaker of the House of Representatives a report that includes:

- The amount of cryptocurrency held in the reserve on the last day of the preceding fiscal year biennium.
- An estimate of the monetary value of the cryptocurrency held in the reserve on the last day of the preceding fiscal year biennium.

[4] *See* S. 250.26, F.S.

- Any changes in the amount and estimated monetary value of cryptocurrency in the reserve during the period the cryptocurrency has been held in the reserve, separated by the type of cryptocurrency.
- A description of the actions taken by the CFO to administer and manage the reserve during the preceding fiscal year biennium. (Section 1).

The CFO must publish and submit this report no later than December 31 of each even-numbered calendar year. (Section 1).

Effective date
The bill provides an effective date of July 1, 2026. (Section 2).

RULEMAKING:

The bill requires the CFO to adopt rules as necessary to administer the Florida Strategic Cryptocurrency Reserve.

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 fiscal impact on the state government, to the extent the reserve yields returns on investments and to the extent that the state government incurs costs to administer and manage the reserve.

PRIVATE SECTOR:

The bill may have an indeterminate fiscal impact on the private sector, to the extent that the reserve yields returns on investments.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Chief Financial Officer
The Chief Financial Officer ("CFO") serves as the chief fiscal officer of the state, responsible for settling and approving all accounts against the state and keeping all state funds and securities.[5]

The CFO oversees the state's accounting, auditing, and investment functions.[6] Under current law, the CFO is responsible for investing general revenue funds and all the trust funds and all agency funds of each state agency and of the judicial branch, and may upon request, invest funds of any board, association, or entity created by the State Constitution or by law, except for funds required to be invested by the State Board of Administration.[7]

[5] Section 4(c), Art. IV, Florida Constitution; S. 17.001, F.S.
[6] See Florida Department of Financial Services, https://myfloridacfo.com/about/about-dfs (last visited Feb. 5, 2026).
[7] S. 17.61, F.S

When the CFO decides whether to invest and when investing, the CFO must make decisions based solely on pecuniary factors[8] and may not subordinate the interests of the people of this state to other objectives.[9] The CFO is required to make funds available to meet the disbursement needs of the state.[10]

Funds in excess of the amount needed to meet the disbursement needs of the state must be placed in qualified public depositories ("QPD") that will pay rates established by the CFO at levels not less than the prevailing rate for United States Treasury securities with a corresponding maturity.[11] If money is available for investment and QPDs are unwilling to accept such money and pay the established rates, then the money must be invested in a specified list of assets, such as:

- Direct United States Treasury Obligations;
- Obligations of the Federal Farm Credit Banks, Federal Home Loan Bank, Federal National Mortgage Association;
- Money market mutual funds;
- Convertible debt obligations of any corporations domiciled within the United States;
- Securities;
- Derivatives of investment instruments authorized in current law; and
- Certain futures and options on futures.[12]

Qualified public depositories

Unless a specific exemption applies, state and local governments must deposit public funds in a bank or savings association that has been designated by the CFO as a QPD under the Florida Security for Public Deposits Act.[13]

To be designated as a QPD by the CFO, a bank, savings bank, or savings association must:

- Have authority to accept deposits because it has been chartered and regulated by the state or federal government;
- Have its principal place of business in Florida, or a branch office in Florida;
- Have deposit insurance pursuant to the Federal Deposit Insurance Act[14] or the National Credit Union Share Insurance Fund[15];
- Have procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits;
- Make determinations about the provision of services or the denial of services based on an analysis of risk factors unique to each customer;
- Not engage in the unsafe and unsound practice of denying, canceling, suspending, or terminating its services to a person on specified grounds; and
- Meet any other requirements of the Florida Security for Public Deposits Act.[16]

[8] S. 17.57(1)(a), F.S., defines "pecuniary factor" as a factor that the CFO, or other party authorized to invest on his or her behalf, prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy.
[9] S. 17.57(1)(c), F.S.
[10] S. 17.57(2), F.S.
[11] *Id.*
[12] *Id.*
[13] Ss. 280.01, F.S. and 280.03(1)(b), F.S. Certain public deposits, including those that are fully collateralized under other laws and moneys contributions to the state retirement system that are held in the System Trust Fund, are exempt pursuant to s. 280.03(3), F.S.
[14] 12 U.S.C. ss. 1811 et. seq.
[15] 12 U.S.C. ss. 1783 et. seq.
[16] Ch. 280, F.S.

QPDs must secure public deposits with a pledge of eligible collateral, to protect the deposit against losses that could occur in the event of insolvency or default.[17] The amount of collateral required is based on statutory guidelines and the QPD's overall financial condition.[18]

Public deposits include, but are not limited to, time deposit accounts, demand deposit accounts, and nonnegotiable certificates of deposits; they do not include moneys in deposit notes, securities, mutual funds, and similar investments.[19]

Cryptocurrency

Virtual currency, or cryptocurrency, is a digital representation of value that functions as a medium of exchange but lacks legal tender status.[20] In some environments, virtual currency operates like "real" currency[21] (i.e., the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance).[22]

Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as "convertible" virtual currency. [23] Bitcoin is one example of a convertible virtual currency, as it can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies.[24]

Virtual currencies generally operate on networks of computers (nodes) that enable, validate, and record transactions on a distributed digital ledger (blockchain).[25] To transfer an asset on a blockchain, the transferor uses an alphanumeric code known only to the transferor (a private key) to create a request that the network software validate a new ledger entry, which assigns control of the asset to the recipient.[26] Once the network has validated this transfer, the ledger is updated and the recipient may transfer the asset to another recipient using their own private key.[27] Ledger entries are cryptographically secured, and accounts on a blockchain are identified by alphanumeric ''public keys'' rather than by personal names.[28] Virtual currency wallets are interfaces that store and transfer virtual currency.[29]

Federal law

On March 6, 2025, President Trump signed an executive order ("Executive Order") that established a Strategic Bitcoin Reserve which is capitalized with all Bitcoin held by the Department of Treasury that was finally forfeited as part of criminal or civil asset forfeiture proceedings or in satisfaction of any civil money penalty imposed by any executive department or agency and is not needed for other specified reasons. The Strategic Bitcoin Reserve consists of approximately 207,189 Bitcoin with an estimated value of $13.7 billion.[30]

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[17] Ss. 280.04 and 280.041(6), F.S.
[18] S. 280.04, F.S., and Rule 69C-2.024, F.A.C.
[19] S. 280.02(23), F.S.
[20] S. 560.103(36), F.S.
[21] Often referred to as "fiat" currency.
[22] IRS, *Digital assets*, https://www.irs.gov/filing/digital-assets (last visited Feb. 5, 2026).
[23] *Id.*
[24] *Id.*
[25] Office of the Federal Register, National Archives and Records Administration, *Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets*, GovInfo, (Dec. 23, 2020), https://www.govinfo.gov/app/details/FR-2020-12-23/2020-28437/summary (last visited Feb. 5, 2026).
[26] *Id.*
[27] *Id.*
[28] *Id.*
[29] FinCEN, *Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies*, (May 9, 2019), https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf (last visited Feb. 5, 2026).
[30] BiTBO, *USA Bitcoin Reserve Tracker*, available at: US Bitcoin Reserve (last visited Feb. 5, 2026).

The Executive Order also established an office known as the "United States Digital Asset Stockpile" ("Stockpile") to administer and maintain control of custodial accounts that are capitalized with all digital assets owned by the Department of Treasury, other than Bitcoin that were finally forfeited as part of criminal or civil asset forfeiture proceedings and that are not needed to satisfy certain requirements.[31] The Stockpile consists of cryptocurrencies (such as Ethereum or Solana), stablecoin, non-fungible tokens, and potentially other tokenized assets.[32]

State reserves

Florida does not currently have a virtual currency or cryptocurrency reserve. Texas[33], New Hampshire[34], and Arizona[35] have adopted laws creating a reserve for Bitcoin or digital assets, or both. Several states have pending legislation creating a digital asset or cryptocurrency reserve or authorizing public funds to be invested in such assets.[36]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee			Brackett	Highsmith
Government Operations Subcommittee				
State Administration Budget Subcommittee				
Commerce Committee				

[31] Authenticated U.S. Government Information GPO, *Executive Order 14233-Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile*, March 6, 2025, available at: DCPD-202500335.pdf (last visited Feb. 5, 2026).
[32] DigitalFinanceNews.com, *Managing the U.S. Digital Asset Stockpile: Operational Complexities, Accounting Challenges, and Regulatory Implications*, July 1, 2025, available at: Managing the U.S. Digital Asset Stockpile: Operational Complexities, Accounting Challenges, and Regulatory Implications – Digital Finance News (last visited Jan. 18, 2026).
[33] Tex. Gov't Code Ann ss. 403.701-403.709 (Subchapter V) (2025) (establishing Texas Strategic Bitcoin Reserve).
[34] N.H. Rev. Stat. Ann. (RSA) s. 6:8-d (2025) (establishing the Strategic Reserve).
[35] Ariz. Rev. Stat. Ann. s. 41-180 (2025) (establishing Bitcoin and Digital Assets Reserve Fund).
[36] *See* AZ S.B. 1042 (2026), IL H.B. 1844 (2025-2026), MD H.B. 51 (2026), MI H.B. 4087 (2025-2026), OH H.B. 18 (136th GA), OH S.B. 57 (136th GA), PA H.B. 2664 (2025), TN H.B. 1695 (2026), WV S.B. 143 (2026).

A bill to be entitled

An act relating to the establishment and administration of a state cryptocurrency reserve; creating s. 17.613, F.S.; providing definitions; establishing the Florida Strategic Cryptocurrency Reserve as a special fund outside the State Treasury; providing sources of the reserve; providing for the administration and management of the reserve; authorizing the Chief Financial Officer to pay certain costs using the cryptocurrency in the reserve or the net proceed from the sale of cryptocurrency in the reserve; providing for investment of money in the reserve; authorizing transfer of the reserve money to the State Treasury under certain circumstances; providing exceptions; providing requirements for cryptocurrency to be purchased for the reserve; authorizing contracts with third parties for the administration and management of the reserve; authorizing the Chief Financial Officer to use derivatives under certain circumstances; authorizing contracts with certified public accountants for independent audits; authorizing temporary transfers of money from the reserve for specified purposes; establishing the Florida Strategic Cryptocurrency Reserve Advisory Committee within the Department of

Financial Affairs; providing for committee membership; providing duties of committee members; providing reporting requirements; requiring the Chief Financial Officer to adopt rules; providing an effective date.

WHEREAS, cryptocurrencies are assets with strategic potential for enhancing this state's financial resilience and positioning this state for the future digital economy, and

WHEREAS, cryptocurrencies can serve as a hedge against inflation and economic volatility, and

WHEREAS, the establishment of a cryptocurrency reserve serves the public purpose of providing enhanced financial security to residents of this state, NOW, THEREFORE,

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

Section 1. Section 17.613, Florida Statutes, is created to read:

17.613 State cryptocurrency reserve.—

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

(a) "Airdrop" means a gratuitous distribution of cryptocurrency to users of a blockchain or protocol, generally made in a broad, equitable, and nondiscretionary manner.

(b) "Committee" means the Florida Strategic Cryptocurrency Reserve Advisory Committee established in this section.

(c) "Cryptocurrency" means a type of virtual currency, as defined in s. 896.101(2), which uses cryptography to secure transactions that are digitally recorded on a distributed ledger, such as blockchain.

(d) "Fork" means a change to the protocol of a distributed ledger system which creates a separate ledger, which may result in a new cryptocurrency that shares a common transaction history with the previous cryptocurrency up to the point of change.

(e) "Private key" means a unique element of cryptographic data used for signing transactions on blockchain, known only to the owner.

(f) "Qualified custodian" means a state or federally chartered financial institution or other entity regulated by this state which is authorized to have custody of virtual currencies on behalf of its clients.

(g) "Qualified liquidity provider" means an entity that meets all of the following requirements:

1. Is licensed or regulated under applicable federal or state law.

2. Maintains audited financial statements prepared by a regulated auditor.

3. Has at least 5 years of experience trading in the digital assets industry.

4. Maintains an office and has registered principal in this state.

5. Has certified in a manner prescribed by the Chief Financial Officer that the provider meets the requirements of subparagraphs 1.-4.

(h) "Reserve" means the Florida Strategic Cryptocurrency Reserve established is this section.

(i) "Secure custody solution" means a technological product or blended product and service meeting all of the following criteria:

1. The cryptographic private keys are:

a. Exclusively known by and accessible to the governmental entity.

b. Contained within an encrypted environment and accessible only through end-to-end encrypted channels.

c. Never stored on or accessible through a smartphone.

2. The hardware containing the cryptographic private keys is maintained in a secure data center.

3. A multiparty governance structure for authorizing transactions is implemented, user access control is enforced, and all user-initiated actions are logged.

4. The provider of the technological product or blended product and service has implemented a disaster recovery protocol ensuring state access to assets if the provider becomes unavailable.

5. The technological product or blended product and service undergoes regular code audits and penetration testing,

with identified vulnerabilities promptly addressed.

(2) ESTABLISHMENT; ADMINISTRATION.—

(a) The Florida Strategic Cryptocurrency Reserve is established as a special fund outside the State Treasury. The Chief Financial Officer has custody of and shall administer and manage the reserve. The reserve consists of:

1. Money transferred or deposited to the credit of the reserve by legislative appropriation.

2. Revenue that the Legislature by general law dedicates for deposit to the credit of the reserve.

3. Cryptocurrency purchased using money in or received by the reserve, including any cryptocurrency:

a. Derived from the fork of a distributed ledger; or

b. Distributed pursuant to an airdrop to this state's cryptocurrency addresses.

4. Investment earnings and interest or rewards earned on assets in the reserve.

(b) To administer and manage the reserve, the Chief Financial Officer may acquire, exchange, sell, supervise, manage, or retain any kind of investments that a prudent investor exercising reasonable care, skill, and caution would acquire, exchange, sell, supervise, manage, or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing for the reserve, taking into consideration the investment of all the assets of the reserve

rather than a single investment.

(c) The Legislature may appropriate funds for deposit to the credit of the reserve for the purposes of:

1. Investing in cryptocurrency.

2. Administering and managing the reserve.

(d) The Chief Financial Officer may spend cryptocurrency in the reserve or use the net proceed from the sale of cryptocurrency in the reserve to pay the reasonable costs associated with administering and managing the reserve.

(e) Money in the reserve may be invested with the State Treasury pool.

(f) Except as provided in s. 250.26, the Chief Financial Officer may transfer money in the reserve to the State Treasury only when authorized by the Legislature in the General Appropriations Act or other law.

(3) MARKET CAPITALIZATION REQUIREMENT.—To be eligible to be purchased for the reserve, a cryptocurrency must have an average market capitalization of at least $500 billion over the most recent 24-month period.

(4) THIRD-PARTY CONTRACTS AND PERMISSIBLE TRANSACTIONS; AUDITS.—

(a) The Chief Financial Officer may contract with one or more third-party entities for the administration or management of the reserve, including:

1. A technology provider of a secure custody solution.

2. A qualified custodian that uses a secure custody solution.

3. A qualified liquidity provider to facilitate the purchase and sale of assets in the reserve.

(b) If the Chief Financial Officer determines it is in the best interest of the reserve, the Chief Financial Officer may use derivatives.

(c) The Chief Financial Officer may contract with a certified public accountant to perform an independent audit of the reserve.

(5) TEMPORARY TRANSFER FOR CASH MANAGEMENT.—

(a) The Chief Financial Officer may liquidate the reserve's assets and temporarily transfer money from the reserve to the State Treasury if necessary for the purposes described in s. 250.26.

(b) The Chief Financial Officer shall, as soon as practicable after a transfer under paragraph (a), return the transferred money to the reserve along with the interest, if any, earned on the money while held in the State Treasury.

(6) FLORIDA STRATEGIC CRYPTOCURRENCY RESERVE ADVISORY COMMITTEE.—

(a) There is established the Florida Strategic Cryptocurrency Reserve Advisory Committee within the Department of Financial Affairs.

(b) The committee shall be composed of the following five

members:

1. The Chief Financial Officer, who shall serve as the chair.

2. Four members appointed by the Chief Financial Officer as follows:

a. Three members with expertise in cryptocurrency investments.

b. One member with expertise in digital asset security.

(c) The committee shall advise the Chief Financial Officer regarding the administration and management of the reserve, including:

1. Recommendations for valuing assets in the reserve.

2. The establishment of prudent investment policies relating to the investment objectives of and asset allocation in the reserve.

3. Recommendations for the establishment of prudent custody and security policies for the reserve.

(d) A member of the committee is not entitled to receive compensation for service on the committee.

(e) Members appointed by the Chief Financial Officer serve at the will of the Chief Financial Officer.

(7) BIENNIAL REPORT.—

(a) No later than December 31 of each even-numbered calendar year, the Chief Financial Officer shall publish and submit to the President of the Senate and the Speaker of the

House of Representatives a report that includes:

1. The amount of cryptocurrency held in the reserve on the last day of the preceding fiscal year biennium.

2. An estimate of the monetary value of the cryptocurrency held in the reserve on the last day of the preceding fiscal year biennium.

3. Any changes in the amount and estimated monetary value of cryptocurrency in the reserve during the period the cryptocurrency has been held in the reserve, disaggregated by the cryptocurrency type.

4. A description of the actions taken by the Chief Financial Officer to administer and manage the reserve during the preceding fiscal year biennium.

(8) RULEMAKING.—The Chief Financial Officer shall adopt rules as necessary to administer the Florida Strategic Cryptocurrency Reserve.

Section 2. This act shall take effect July 1, 2026.

INSURANCE & BANKING SUBCOMMITTEE

HB 1039 by Rep. Snyder
Establishment and Administration of a State Cryptocurrency Reserve

AMENDMENT SUMMARY
February 11, 2026

Amendment #475123 by Rep. Snyder (strike-all):

- Changes the administrator of the reserve from the Chief Financial Officer to the State Board of Administration.
- Establishes the cryptocurrency reserve as a separate fund within the State Board of Administration.
- Removes a provision that would have authorized the Chief Financial Officer to temporarily transfer funds from the reserve to the State Treasury for purposes of funding Florida's National Guard during emergencies because existing law does not authorize the State Board of Administration to make such transfers.
- Modifies the definition for "secure custody solution."
- Modifies the definition for "cryptocurrency."
- Adds definitions for "blockchain," "distributed ledger," and "governmental entity."
- Changes market capitalization requirement from $500 billion in the most recent 24-months to $100 billion in the most recent 12-months.

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 Snyder offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Section 215.987, Florida Statutes, is created to read:

215.987 State cryptocurrency reserve.—

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

(a) "Airdrop" means a gratuitous distribution of cryptocurrency to users of a blockchain or protocol, generally made in a broad, equitable, and nondiscretionary manner.

"Blockchain" means a mathematically secured, chronological, decentralized, distributed, and digital ledger or database that

consists of records of transactions that cannot be altered retroactively.

(b) "Committee" means the Florida Strategic Cryptocurrency Reserve Advisory Committee established in this section.

(c) "Cryptocurrency" means a virtual currency that is not issued by any central authority, is designed to function as a medium of exchange, and uses encryption technology to regulate the generation of units of currency, to verify fund transfers, and to prevent counterfeiting.

(d) "Distributed ledger" means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

(e) "Fork" means a change to the protocol of a distributed ledger system which creates a separate ledger, which may result in a new cryptocurrency that shares a common transaction history with the previous cryptocurrency up to the point of change.

(f) "Governmental entity" has the same meaning as in s. 215.986.

(g) "Private key" means a unique element of cryptographic data used for signing transactions on blockchain, known only to the owner.

(h) "Qualified custodian" means a state or federally chartered financial institution or other entity regulated by

this state which is authorized to have custody of virtual currencies on behalf of its clients.

(i) "Qualified liquidity provider" means an entity that meets all of the following requirements:

1. Is licensed or regulated under applicable federal or state law.

2. Maintains audited financial statements prepared by a regulated auditor.

3. Has at least 5 years of experience trading in the digital assets industry.

4. Maintains an office and has registered principal in this state.

5. Has certified in a manner prescribed by the State Board of Administration that the provider meets the requirements of subparagraphs 1.-4.

(j) "Reserve" means the Florida Strategic Cryptocurrency Reserve established is this section.

(k) "Secure custody solution" means a technological product or blended product and service meeting all of the following criteria:

1. The cryptographic private keys are:

a. Exclusively known by and accessible to the governmental entity or the qualified custodian.

b. Contained within an encrypted, hardware-secured environment and used only to sign and authorize cryptocurrency transactions through end-to-end encrypted channels.

c. Never stored on or accessible through a smartphone.

2. The hardware containing the cryptographic private keys is maintained in a secure data center.

3. A multiparty governance structure for authorizing transactions is implemented, user access control is enforced, and all user-initiated actions are logged. A smartphone may be used, but only to authenticate authorized users of the secure custody solution, including through biometric authentication.

4. The provider of the technological product or blended product and service has implemented a disaster recovery protocol ensuring state access to assets if the provider becomes unavailable.

5. The technological product or blended product and service undergoes regular code audits and penetration testing, with identified vulnerabilities promptly addressed.

(l) "Secure Data Center" means a physical facility that maintains third-party certifications, utilizes certified cryptographic hardware, enforces physical and environmental security, and ensures logical isolation.

(2) ESTABLISHMENT; ADMINISTRATION.—

(a) The Florida Strategic Cryptocurrency Reserve is established as a special fund assigned to the State Board of

Administration. The Executive Director has custody of and shall administer and manage the reserve. The reserve consists of:

1. Money transferred or deposited to the credit of the reserve by legislative appropriation.

2. Revenue that the Legislature by general law dedicates for deposit to the credit of the reserve.

3. Cryptocurrency purchased using money in or received by the reserve, including any cryptocurrency:

a. Derived from the fork of a distributed ledger; or

b. Distributed pursuant to an airdrop to this state's cryptocurrency addresses.

4. Investment earnings and interest or rewards earned on assets in the reserve.

(b) To administer and manage the reserve, the Executive Director may acquire, exchange, sell, supervise, manage, or retain any kind of investments that a prudent investor exercising reasonable care, skill, and caution would acquire, exchange, sell, supervise, manage, or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing for the reserve, taking into consideration the investment of all the assets of the reserve rather than a single investment.

(c) The Legislature may appropriate funds for deposit to the credit of the reserve for the purposes of:

1. Investing in cryptocurrency.

2. Administering and managing the reserve.

(d) The Executive Director may spend cryptocurrency in the reserve or use the net proceed from the sale of cryptocurrency in the reserve to pay the reasonable costs associated with administering and managing the reserve.

(e) Money in the reserve may be invested with the State Treasury pool.

(f) The Executive Director may transfer money in the reserve to the State Treasury only when authorized by the Legislature in the General Appropriations Act or other law.

(3) MARKET CAPITALIZATION REQUIREMENT.—To be eligible to be purchased for the reserve, a cryptocurrency must have an average market capitalization of at least $100 billion over the most recent 12-month period.

(4) THIRD-PARTY CONTRACTS AND PERMISSIBLE TRANSACTIONS; AUDITS.—

(a) The Executive Director may contract with one or more third-party entities for the administration or management of the reserve, including:

1. A technology provider of a secure custody solution.

2. A qualified custodian that uses a secure custody solution.

3. A qualified liquidity provider to facilitate the purchase and sale of assets in the reserve.

(b) If the Executive Director determines it is in the best interest of the reserve, the Executive Director may use derivatives.

(c) The Executive Director may contract with a certified public accountant to perform an independent audit of the reserve.

(5) FLORIDA STRATEGIC CRYPTOCURRENCY RESERVE ADVISORY COMMITTEE.—

(a) There is established the Florida Strategic Cryptocurrency Reserve Advisory Committee within the State Board of Administration.

(b) The committee shall be composed of the following five members:

1. The State Board of Administration Executive Director, who shall serve as the chair.

2. Four members of the committee shall be appointed by the Board as a resource to the Board of Trustees of the State Board of Administration and shall be subject to confirmation by the Senate as follows:

a. Three members with expertise in cryptocurrency investments.

b. One member with expertise in digital asset security.

(c) The committee shall advise the Executive Director regarding the administration and management of the reserve, including:

1. Recommendations for valuing assets in the reserve.

2. The establishment of prudent investment policies relating to the investment objectives of and asset allocation in the reserve.

3. Recommendations for the establishment of prudent custody and security policies for the reserve.

(d) A member of the committee is not entitled to receive compensation for service on the committee.

(e) Appointed members shall serve for 4-year terms. A vacancy shall be filled for the remainder of the unexpired term.

(6) BIENNIAL REPORT.—

(a) No later than December 31 of each even-numbered calendar year, the Executive Director shall publish and submit to the President of the Senate and the Speaker of the House of Representatives a report that includes:

1. The amount of cryptocurrency held in the reserve on the last day of the preceding fiscal year biennium.

2. An estimate of the monetary value of the cryptocurrency held in the reserve on the last day of the preceding fiscal year biennium.

3. Any changes in the amount and estimated monetary value of cryptocurrency in the reserve during the period the cryptocurrency has been held in the reserve, disaggregated by the cryptocurrency type.

4. A description of the actions taken by the Executive Director to administer and manage the reserve during the preceding fiscal year biennium.

(8) RULEMAKING.—The State Board of Administration shall adopt rules as necessary to administer the Florida Strategic Cryptocurrency Reserve.

Section 2. This act shall take effect July 1, 2026.

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

Remove everything before the enacting clause and insert:
An act relating to the establishment and administration of a state cryptocurrency reserve; creating s. 215.987, F.S.; providing definitions; establishing the Florida Strategic Cryptocurrency Reserve as a special fund outside the State Treasury; providing sources of the reserve; providing for the administration and management of the reserve; authorizing the Executive Director of the State Board of Administration to pay certain costs using the cryptocurrency in the reserve or the net proceed from the sale of cryptocurrency in the reserve; providing for investment of money in the reserve; authorizing transfer of the reserve money to the State Treasury under certain circumstances; providing exceptions;

providing requirements for cryptocurrency to be purchased for the reserve; authorizing contracts with third parties for the administration and management of the reserve; authorizing the Executive Director of the State Board of Administration to use derivatives under certain circumstances; authorizing contracts with certified public accountants for independent audits; authorizing temporary transfers of money from the reserve for specified purposes; establishing the Florida Strategic Cryptocurrency Reserve Advisory Committee within the State Board of Administration; providing for committee membership; providing duties of committee members; providing reporting requirements; requiring the State Board of Administration to adopt rules; providing an effective date.

WHEREAS, cryptocurrencies are assets with strategic potential for enhancing this state's financial resilience and positioning this state for the future digital economy, and

WHEREAS, cryptocurrencies can serve as a hedge against inflation and economic volatility, and

WHEREAS, the establishment of a cryptocurrency reserve serves the public purpose of providing

enhanced financial security to residents of this state, NOW, THEREFORE,

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 1415	**COMPANION BILL:** CS/SB 1568 (DiCeglie)
TITLE: Use of Digital Currency by the Department of Financial Services	**LINKED BILLS:** None
SPONSOR(S): Holcomb and Giallombardo	**RELATED BILLS:** None

Committee References

Insurance & Banking ➤ State Administration Budget ➤ Commerce

SUMMARY

Effect of the Bill:
The bill creates a new pilot program within the Department of Financial Services ("DFS"). Through the program, DFS is authorized to accept, hold, or create eligible payment stablecoin. The bill authorizes DFS to accept eligible payment stablecoin as payment for regulatory fees submitted by licensees and license applicants. The bill requires issuers of eligible stablecoin to be licensed money services businesses or authorized to issue payment stablecoin under federal law. The bill requires DFS to provide a compatible digital wallet address for the receipt of eligible payment stablecoin. Participation in the pilot program is voluntary. The bill requires DFS to monitor and collect data on the program and submit a report to the Governor, President of the Senate, Speaker of the House of Representatives on a specified date.

Fiscal or Economic Impact:
The bill may have an indeterminate impact on the private sector and state government.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Florida Stablecoin Pilot Program

The bill creates a new program within the Department of Financial Services ("DFS") for the purpose of accepting eligible payment stablecoin as payment for government fees. (Section 1).

The bill permits DFS to accept, hold, or create eligible payment stablecoin for use in the pilot program. (Section 1).

The bill defines "eligible payment stablecoin" as a stablecoin meeting the following requirements:

- The stablecoin is fully backed by at least $1 billion in reserve assets.[1]
- The stablecoin is redeemable through the issuer at all times for the United States dollar.
- The issuer does not charge a fee to mint or create the stablecoin.
- The issuer does not charge withdrawal or redemption fees.
- The stablecoin meets any additional criteria for a permitted stablecoin under federal law.

The term does not include a central bank backed digital currency issued directly or indirectly by a central bank, monetary authority, or governmental agency. The term also does not include a security[2]. (Section 1).

[1] This requirement does not apply to stablecoin created by DFS.
[2] E.g. notes, stocks and bonds. *See* S. 517.021, F.S., 15 U.S.C. s. 77b, 15 U.S.C. s. 78c, and 15 U.S.C. s. 80a-2.

The bill authorizes DFS to accept eligible payment stablecoin as payment for:

- Licensing fees[3].
- Application fees.
- Renewal fees.
- Other regulatory fees administered by DFS.
- Any other money or fee owed to DFS. (Section 1).

The bill provides that upon receipt of payment, DFS may convert the eligible payment stablecoin into United States currency and credit the applicable licensing account in the same manner as a payment made by other authorized means. The bill also allows DFS to send eligible payment stablecoins for refunds, reimbursements, or other disbursements provided by DFS. (Section 1).

The bill provides that any earnings on reserves associated with stablecoin issued by the state must be credited to the benefit of the state. (Section 1).

Compatible digital wallet address

The bill requires DFS to provide a compatible digital wallet address for the receipt of eligible payment stablecoin. (Section 1).

The bill defines "compatible digital wallet address" as the address of a software application that securely stores private keys for accessing and completing transactions with eligible payment stablecoin. (Section 1).

Voluntary participation

The bill provides that participation in the pilot program is voluntary. (Section 1).

The bill provides that an applicant, licensee, or other participant may submit eligible payment stablecoin to a compatible digital wallet address designated by the department as valid payment to the department. (Section 1).

The bill further provides that a participant receiving funds from the department may also elect to receive refunds, reimbursements, or other disbursements in eligible payment stablecoin to a compatible digital wallet address provided by the recipient. (Section 1).

Issuers of eligible payment stablecoin

The bill requires issuers of eligible payment stablecoin designated for use in the pilot program to be licensed as a money services business under state law, or registered as a payment stablecoin issuer under federal law. (Section 1).

The bill permits DFS to conduct examinations, audits, and investigations of the issuer of an eligible payment stablecoin designated for use in the pilot program to verify asset backing, redeemability, and adherence to consumer protection standards, including standards related to fraud prevention and dispute resolution. (Section 1).

Monitoring and reporting requirements

The bill requires DFS to monitor and evaluate the pilot program, collect data on transaction volume, cost savings, security incidents, regulatory compliance, and economic impacts, as well as any instances of fraud or disputes. (Section 1).

The bill requires DFS to submit a report to the Governor, President of the Senate, Speaker of the House of Representatives, beginning on February 1, 2027 and annually thereafter. The report must include findings,

[3] The bill defines licensing fees as any fee, assessment, application fee, renewal fee, or other charge imposed by DFS for licensure, registration, certification, or regulatory oversight.

recommendations for expansion or termination of the pilot program, and proposed statutory changes, if appropriate. (Section 1).

Program scope and legislative intent
The bill provides that it does not alter or supersede any existing statutory fee obligations, licensing requirements, or enforcement authority of the department. Acceptance of eligible payment stablecoin is an optional payment method and does not require acceptance of any other digital asset. (Section 1).

The bill provides that the Legislature intends for the pilot program to yield critical insights into the operational feasibility, user adoption, cybersecurity risks, regulatory compliance, and economic benefits of accepting eligible payment stablecoin for government fees. (Section 1).

Effective date
The bill provides that it will be effective upon becoming law. (Section 2).

RULEMAKING:

The bill authorizes DFS to adopt rules to implement the pilot program.

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 fiscal impact on the state government, to the extent that DFS incurs costs to establish the program or to the extent that accepting payment stablecoins offers higher or lower transaction costs compared to traditional payment methods.

PRIVATE SECTOR:

The bill may have an indeterminate fiscal impact on the private sector to the extent the bill increases participation in the payment stablecoin market and provides alternative methods of payment to existing methods.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Department of Financial Services
The Department of Financial Services (the "Department") consists of the following divisions:

- The Division of Accounting and Auditing.
- The Division of Consumer Services.
- The Division of Funeral, Cemetery, and Consumer Services.
- The Division of Insurance Agent and Agency Services.
- The Division of Criminal Investigations.
- The Division of Rehabilitation and Liquidation.
- The Division of Risk Management.
- The Division of State Fire Marshal.
- The Division of Treasury.
- The Division of Unclaimed Property.

- The Division of Workers' Compensation.
- The Division of Administration.
- The Office of Insurance Consumer Advocate.[4]

DFS is responsible for issuing various licenses under the aforesaid divisions and collecting licensing application and renewal fees.

Virtual currency

Virtual currency is a digital asset that functions as a medium of exchange but lacks legal tender status.[5] In some environments, virtual currency operates like "real" currency[6] (i.e., the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance).[7] Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as "convertible" virtual currency. [8] Bitcoin is one example of a convertible virtual currency, as it can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies.[9]

Virtual currencies generally operate on networks of computers (nodes) that enable, validate, and record transactions on a distributed digital ledger (blockchain).[10] To transfer an asset on a blockchain, the transferor uses an alphanumeric code known only to the transferor (a private key) to create a request that the network software validate a new ledger entry, which assigns control of the asset to the recipient.[11] Once the network has validated this transfer, the ledger is updated and the recipient may transfer the asset to another recipient using their own private key.[12] Ledger entries are cryptographically secured, and accounts on a blockchain are identified by alphanumeric ''public keys'' rather than by personal names.[13] Virtual currency wallets are interfaces that store and transfer virtual currency.[14]

Stablecoin

Stablecoins are a type of virtual currency designed to maintain a stable value by pegging the value to a national currency or other assets.[15] Stablecoins aim to eliminate volatility by pegging their value to a stable asset, such as the United States Dollar.[16] As of February 2026, the total market cap for stablecoins is approximately $296 billion.[17] The top three stablecoins in terms of market cap are Tether (USDT), USDC (USDC), and USDS (USDS).[18]

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[4] S. 20.121, F.S.
[5] S. 560.103(36), F.S.
[6] Often referred to as "fiat" currency.
[7] IRS, *Digital assets*, https://www.irs.gov/filing/digital-assets (last visited Feb. 5, 2026).
[8] *Id.*
[9] *Id.*
[10] Office of the Federal Register, National Archives and Records Administration, *Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets*, GovInfo, (Dec. 23, 2020), https://www.govinfo.gov/app/details/FR-2020-12-23/2020-28437/summary (last visited Feb. 5, 2026).
[11] *Id.*
[12] *Id.*
[13] *Id.*
[14] FinCEN, *Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies*, (May 9, 2019), https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf (last visited Feb. 5, 2026).
[15] Congressional Research Service, *Stablecoins: Background and Policy Issues*, https://www.congress.gov/crs-product/IF11968. (last visited Feb. 5, 2026).
[16] Congressional Research Service, *Stablecoin Policy Issues for the 118th Congress*, https://www.congress.gov/crs-product/IF12450. (last visited Feb. 5, 2026).
[17] Forbes, *Top Stablecoins Coins Today by Market Cap,* https://www.forbes.com/digital-assets/categories/stablecoins/ (last visited Feb. 6, 2026).
[18] *Id.*

Federal law

On July 18, 2025, the federal government signed into law the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 ("GENIUS Act"), establishing the first regulatory framework for payment stablecoin issuers.[19]

The GENIUS Act takes effect on the earlier of January 18, 2025 or 120 days after the specified federal payment stablecoin regulators issue implementing regulations.[20]

The GENIUS Act defines "payment stablecoin" as a digital asset meeting the following requirements:

- Is meant to be used for payments or settling transactions.
- The issuer of which:
  - Must be ready to convert or redeem it for a fixed amount of money.[21]
  - Represents, or creates a reasonable expectation that the value of the digital asset will remain stable against a fixed amount of money.[22]

Under the GENIUS Act, only permitted payment stablecoin issuers ("PPSIs") may issue a payment stablecoin in the United States.[23] Beginning July 18, 2028, it will be unlawful for digital asset service providers to offer or sell a payment stablecoin in the United States, unless the provider is a PPSI or a foreign payment stablecoin issuer meeting certain conditions.[24]

The GENIUS Act establishes three types of PPSIs, all of which must be formed in the United States:

- a subsidiary of an insured depository institution;[25]
- a federal qualified payment stablecoin issuer;[26] or
- a state qualified stablecoin issuer.[27]

PPSIs must comply with various requirements under the GENIUS Act, such as:

- Maintaining identifiable reserves backing the outstanding payment stablecoin on at least a one- to-one basis comprising on specified types of reserves, such as U.S. coin and currency.[28]
- Publishing the monthly composition of the issuer's reserve on its website, including the average maturity and custody location of each reserve category.
- Having monthly reserve reports examined by a registered public accounting firm and attested to by the issuer's chief executive officer and chief financial officer.[29]

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[19] 12. U.S.C. ss. 5901-5916.
[20] S.1582 - 119th Congress (2025-2026): GENIUS Act, S.1582, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/senate-bill/1582, (last visited Feb. 5, 2026).
[21] E.g. 1 United States Dollar for 1 stablecoin.
[22] 12 U.S.C. s. 5901. A payment stablecoin does not include a national currency, deposits as defined in 12 U.S.C. s. 1813 or securities.
[23] 12 U.S.C. 5902.
[24] *Id.*
[25] A "subsidiary" is any company which is owned or controlled directly or indirectly by another company. The term includes any service corporation owned in whole or in part by an insured depository institution or any subsidiary of such a service corporation. An "insured depository institution" is any bank or savings association the deposits of which are insured by the Federal Deposit Insurance Corporation pursuant to this chapter. *See* 12 U.S.C. 5901 and 12 U.S.C. 1813.
[26] The term "federal qualified payment stablecoin issuer" means: the following issuers approved by the Comptroller to issue payment stablecoin: a nonbank entity, other than a State qualified payment stablecoin issuer; an uninsured national bank chartered pursuant to title LXII of the Revised Statutes; and a federal branch. 12 U.S.C. 5901(11).
[27] The term "state qualified payment stablecoin issuer" means an entity that is legally established under the laws of a state and approved to issue payment stablecoin by a state payment stablecoin regulator; 12 U.S.C. 5901(31).
[28] 12 U.S.C. s. 5903(a)(2) prohibits the required reserves from being pledged, rehypothecated, or reused by the permitted payment stablecoin issuer except for as provided in the GENIUS Act.
[29] 12 U.S.C. s. 5903.

- Publicly disclosing the issuer's redemption policy which must establish clear procedures for timely redemption of payment stablecoin and clearly disclose all fees[30] associated with purchasing or redeeming payment stablecoin.[31]
- Not engaging in tying practices that condition access to payment stablecoin services on the purchase of unrelated products or services, or on agreements not to use competitors' products, unless authorized by federal law.
- Not using deceptive names or marketing that imply association with or endorsement by the U.S. Government.
- Not paying interest or other yield solely for holding or using a payment stablecoin, unless expressly authorized by federal law.[32]

The GENIUS Act creates a tiered oversight model between federal and state authorities. The GENIUS Act permits states to regulate certain payment stablecoin issuers[33] if:

- The state has a regulatory regime that is substantially similar to the federal regime.
- The state stablecoin regulation submits a certification to the Stablecoin Certification Review Committee attesting that the state-level regulatory regime meets the criteria for substantial similarity.
- The state submits additional certifications to the Stablecoin Certification Review Committee confirming the accuracy of the initial certification.[34]

The GENIUS Act requires designated federal regulators to implement rules and regulations for implementing the GENIUS Act. As of February 2026, said rules and regulations have not been implemented.

Money services businesses

The Financial Services Commission ("Commission") is an executive agency within the Department of Financial Services and is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture.[35] The Office of Financial Regulation ("OFR") is responsible for all activities of the Financial Services Commission relating to the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry.[36]

The Division of Consumer Finance within OFR licenses and regulates various aspects of the non-depository financial services industries, including money services businesses.[37]

A money services business is, "any person located in or doing business in this state, from this state, or into this state from locations outside this state or country who acts as a payment instrument seller, foreign currency exchanger, check casher, or money transmitter."[38] Money services businesses must be licensed with OFR.[39]

[30] Fee changes require at least seven days' prior notice to consumers.
[31] 12 U.S.C. 5903.
[32] *Id.*
[33] The GENIUS Act provides that a state qualified payment stablecoin issuer means an entity that (A) is legally established under the laws of a State and approved to issue payment stablecoin by a state payment stablecoin regulator; and (B) is not an uninsured national bank chartered by the Comptroller pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such national bank, Federal branch, or insured depository institution. 12 U.S.C. s. 5901.
[34] 12 U.S.C. 5901.
[35] S. 20.121(3), F.S.
[36] S. 20.121(3)(a)2., F.S.
[37] Office of Financial Regulation, *Division of Consumer Finance*, Division of Consumer Finance (last visited Feb. 5, 2026).
[38] S. 560.103(23), F.S.
[39] S. 560.125, F.S.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee			Brackett	Highsmith
State Administration Budget Subcommittee				
Commerce Committee				

A bill to be entitled

An act relating to the use of digital currency by the Department of Financial Services; creating s. 17.72, F.S.; establishing the Florida Stablecoin Pilot Program within the Department of Financial Services; providing legislative intent; defining terms; authorizing the department to accept eligible payment stablecoins for the payment of licensing fees, application fees, renewal fees, and other regulatory fees; providing eligibility requirements for payment stablecoins; authorizing the department to designate an eligible payment stablecoin and compatible digital wallet addresses; providing for conversion of stablecoins to United States currency; authorizing examinations, audits, and investigations of stablecoin issuers; requiring monitoring and annual reporting to the Governor and Legislature; authorizing rulemaking; providing an effective date.

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

Section 1. Section 17.72, Florida Statutes, is created to read:

17.72 Florida Stablecoin Pilot Program.—There is established within the Department of Financial Services the

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

Florida Stablecoin Pilot Program. It is the intent of the Legislature that the Florida Stablecoin Pilot Program yield critical insights into the operational feasibility, user adoption, cybersecurity risks, regulatory compliance, and economic benefits of accepting eligible payment stablecoins for governmental fees.

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

(a) "Compatible digital wallet address" means the address of a software application that securely stores private keys for accessing and completing transactions with eligible payment stablecoins.

(b) "Department" means the Department of Financial Services.

(c) "Eligible payment stablecoin" means a stablecoin that meets all of the following requirements:

1. The stablecoin is fully backed by at least $1 billion in reserve assets. This requirement does not apply to a stablecoin created by the department.

2. The stablecoin is redeemable through the issuer or its agent at all times for United States dollars.

3. The issuer does not charge a fee to mint or create the stablecoin.

4. The issuer does not charge withdrawal or redemption fees.

5. The stablecoin meets any additional criteria for a

permitted payment stablecoin under federal law.

6. The term does not include a central bank digital currency issued directly or indirectly by a central bank, monetary authority, or other governmental agency, whether foreign or domestic. An eligible payment stablecoin is not a security as defined in s. 517.021.

(d) "Licensing fee" means any fee, assessment, application fee, renewal fee, or other charge imposed by the department for licensure, registration, certification, or regulatory oversight.

(2)(a) The department may allow the acceptance of eligible payment stablecoins as a form of payment for licensing fees, application fees, renewal fees, other regulatory fees administered by the department, or any other money or fee owed to the department. The department may send eligible payment stablecoins for refunds, reimbursements, or other disbursements provided by the department.

(b) Participation in the pilot program is voluntary. An applicant, licensee, or other participant may submit eligible payment stablecoin to a compatible digital wallet address designated by the department as valid payment to the department. A participant receiving funds from the department may also elect to receive refunds, reimbursements, or other disbursements in eligible payment stablecoins to a compatible digital wallet address provided by the recipient.

(3)(a) The department shall provide a compatible digital

wallet address for the receipt of eligible payment stablecoins for licensing fees. Upon receipt of payment, the department may convert the eligible payment stablecoins into United States currency and credit the applicable licensing account in the same manner as a payment made by other authorized means.

(b) The department may accept, hold, or create eligible payment stablecoins for use in the pilot program.

(c) Any earnings on reserves associated with stablecoin issued by the state must be credited to the benefit of the state.

(d) The department shall ensure that the issuer of the eligible payment stablecoin designated for use in the pilot program is licensed as a money services business under chapter 560 or registered as a payment stablecoin issuer under federal law.

(e) The department may conduct examinations, audits, and investigations of the issuer of an eligible payment stablecoin designated for use in the pilot program to verify asset backing, redeemability, and adherence to consumer protection standards, including standards related to fraud prevention and dispute resolution.

(4)(a) The department shall monitor and evaluate the pilot program, collecting data on transaction volume, cost savings, security incidents, regulatory compliance, and economic impacts, as well as any instances of fraud or disputes.

(b) Beginning February 1, 2027, and annually thereafter, the department shall submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report must include findings, recommendations for expansion or termination of the pilot program, and proposed statutory changes, if appropriate.

(5) This section does not alter or supersede any existing statutory fee obligations, licensing requirements, or enforcement authority of the department. Acceptance of eligible payment stablecoins is an optional payment method and does not require acceptance of any other digital asset.

(6) The department may adopt rules to implement this section.

Section 2. This act shall take effect upon becoming a law.

INSURANCE & BANKING SUBCOMMITTEE

HB 1415 by Rep. Holcomb
Use of Digital Currency by the Department of Financial Services

AMENDMENT SUMMARY
February 11, 2026

Amendment #867485 by Rep. Holcomb (strike-all):

- Removes the provision that allowed DFS to create payment stablecoins.
- Requires DFS to:
  - Ensure that any payment stablecoin issuer in the program is a permitted payment stablecoin issuer under federal or state law.
  - Coordinate with the Office of Financial Regulation to avoid duplicative regulation.
- Permits DFS to purchase payment stablecoin in order to pay refunds.
- Permits DFS to designate one or more stablecoins for use in the program.
- Incorporates requirements for payment stablecoin and issuers from the federal Guiding and Establishing National Innovation for U.S. Stablecoins Act ("GENIUS Act").
- Replaces the requirement for payment stablecoin issuers eligible for the program to be backed by at least $1 billion in reserves with the requirements for the issuer to have an average total dollar value of at least $1 billion during the preceding 12-month period and to be fully backed by reserve assets.
- Requires program participants electing to receive refunds or similar disbursements from DFS in payment stablecoin to provide DFS with a compatible digital wallet address where such payment may be sent.
- Clarifies that the bill does not relieve the Chief Financial Officer or DFS of any obligation to secure public funds in a secure public depository or to hold payment stablecoin in a manner similar to how direct United States Treasury obligations are held.

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 Holcomb offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Section 17.72, Florida Statutes, is created to read:

17.72 Florida Stablecoin Pilot Program.—There is established within the Department of Financial Services the Florida Stablecoin Pilot Program. It is the intent of the Legislature that the Florida Stablecoin Pilot Program yield benefits from the acceptance of payment stablecoins as a form of payment for governmental fees through this voluntary pilot program.

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

(a) "Blockchain" means a mathematically secured, chronological, decentralized, distributed, and digital ledger or database that consists of records of transactions that cannot be altered retroactively.

(b) "Compatible digital wallet address" means the address of a software application that securely stores private keys for accessing and completing transactions with payment stablecoins.

(c) "Digital asset" means any digital representation of value that is recorded on a cryptographically secured digital ledger.

(d) "Exchange platform" means a company licensed and regulated by the federal or a state government which provides trading, custody, or money transmission services of payment stablecoins or other digital assets.

(e) "Federal qualified payment stablecoin issuer" means any of the following:

1. A nonbank entity, other than a state qualified payment stablecoin issuer, approved by the Office of the Comptroller of the Currency to issue payment stablecoins.

2. An uninsured national bank that is chartered by the Office of the Comptroller of the Currency pursuant to title LXII of the Revised Statutes and is approved to issue payment stablecoins. As used in this subsection, the term "national bank" has the same meaning as in the GENIUS Act, Pub. L. No. 119-27.

3. A Federal branch that is approved by the Office of the Comptroller of the Currency to issue payment stablecoins. For purposes of this subparagraph, the term "Federal branch" has the same meaning as in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. s. 1813.

(f)1. "Payment stablecoin" means a digital asset that meets all of the following requirements:

a. Is, or is designed to be, used as a means of payment or settlement.

b. The issuer of which:

(I) Is obligated to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.

(II) Represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.

2. The term does not include a digital asset that is any of the following:

a. A national currency.

b. A deposit as defined in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. s. 1813, including a deposit recorded using distributed ledger technology. For purposes of this subparagraph, the term "distributed ledger" has the same meaning as in the GENIUS Act, Pub. L. No. 119-27.

c. A security, as defined in s. 517.021, section 2 of the Securities Act of 1933, 15 U.S.C. s. 77b, section 3 of the Securities and Exchange Act of 1934, 15 U.S.C. s. 78c, or section 2 of the Investment Company Act of 1940, 15 U.S.C. s. 80a-2.

(g) "Permitted payment stablecoin issuer" means a person formed in the United States which is one of the following:

1. A subsidiary of an insured depository institution that has been approved to issue payment stablecoins under the GENIUS Act, Pub. L. No. 119-27. For purposes of this subparagraph, the term "insured depository institution" has the same meaning as in the GENIUS Act, Pub. L. No. 119-27.

2. A federal qualified payment stablecoin issuer.

3. A state qualified payment stablecoin issuer.

(h) "State qualified payment stablecoin issuer" means an entity legally established under the laws of a state and approved by the Office of Financial Regulation to issue payment stablecoins.

(2) PROGRAM PARTICIPATION.—

(a) The department may engage in any of the following activities that meet the requirements of this section:

1. Accept payment stablecoin for the payment of authorized fees as provided in paragraph (c).

2. Issue refunds, reimbursements, or other similar disbursements in the form of payment stablecoins to any

participant who elects to receive a payment in such form. The department may purchase payment stablecoins in an amount that is necessary to support such activity.

3. Hold payment stablecoin. If such payment stablecoin does not earn any interest or yields, the department may hold payment stablecoin only in the amount that is estimated to be required to issue refunds, reimbursements, or other similar disbursements during a revolving 30-day period. Any direct or indirect yields earned with respect to payment stablecoins shall be credited to the benefit of the state.

(b) The department may designate one or more payment stablecoins for activities authorized in paragraph (a). Any payment stablecoin that is accepted, purchased, held, or disbursed by the department pursuant to this section must meet all of the following criteria:

1. Have an average market capitalization of at least $1 billion during the preceding 12-month period.

2. Be fully backed by reserve assets on a one-to-one basis limited to United States currency, demand deposits at insured depository institutions, United States Treasury bills having a remaining maturity of 93 days or less, or reverse repurchase agreements collateralized by such Treasury bills.

3. Be redeemable at all times at a one-to-one ratio for United States dollars through the permitted payment stablecoin issuer or its agent.

4. Be minted by a permitted payment stablecoin issuer.

5. The issuer does not charge withdrawal or redemption fees.

6. Be purchased by the department directly from a permitted payment stablecoin issuer through a blockchain network or indirectly through an exchange platform, or received by the department from a program participant.

7. Except as otherwise provided in this section, be issued by an issuer that meets any additional criteria for a permitted payment stablecoin issuer under any applicable federal or state law including, but not limited to, the GENIUS Act, Pub. L. No. 119-27.

(c) The department may accept payment stablecoins as a form of payment for fees that include, but are not limited to, licensing fees, registration fees, certification fees, assessment fees, application fees, renewal fees, other regulatory fees administered by the department, or any other fee owed to the department.

(d) An applicant, a licensee, or other program participant may elect to voluntarily participate in the pilot program and remit payment stablecoins to a compatible digital wallet address designated by the department as a valid form of payment for any fee authorized in paragraph (c).

(e) A participant that elects to receive from the department a refund, reimbursement, or other similar

disbursement in the form of payment stablecoin must provide the department with a compatible digital wallet address where such payment may be sent.

(3) DEPARTMENT DUTIES.—

(a) The department must comply with all of the following requirements:

1. Ensure that any payment stablecoin issuer designated for use in the pilot program is a permitted payment stablecoin issuer.

2. Provide a compatible digital wallet address to any participant that elects to participate in the voluntary pilot program for the payment of any fees authorized in paragraph (2)(c) to be paid in the form of payment stablecoins.

3. Within a reasonable time after receiving a payment stablecoin from any program participant, convert the payment stablecoin into United States currency and credit the applicable account where the funds would be held in a qualified public depository in the same manner as a payment made by any other authorized means.

(b) The department may conduct examinations, audits, or investigations of a permitted payment stablecoin issuer of a payment stablecoin designated for use in the pilot program to verify asset backing, redeemability, and adherence to consumer protection standards, including standards related to fraud prevention and dispute resolution. To the extent that the

department intends to engage in such conduct as to a state qualified payment stablecoin issuer, the department must coordinate with the Office of Financial Regulation to avoid duplicated efforts and to efficiently regulate such issuer.

(4) REPORTING.—

(a) The department shall monitor and evaluate the pilot program and collect data on transaction volume, cost savings, security incidents, regulatory compliance, and economic impacts, as well as any instances of fraud or disputes.

(b) Beginning February 1, 2027, and annually thereafter, the department must submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives which must include all of the following:

1. A summary of the data collected pursuant to paragraph (a).

2. Any findings the department makes with respect to the pilot program which include, but are not limited to, findings regarding any trends or patterns relating to financial matters, such as fiscal impacts, or nonfinancial matters, such as utilization analysis.

3. Any recommendations for expansion or termination of the pilot program.

4. Any proposed statutory changes, if appropriate.

(5) CONSTRUCTION.—This section:

(a) Does not alter or supersede any existing statutory fee obligations, licensing requirements, or enforcement authority of the department.

(b) Authorizes the acceptance of payment stablecoins as an optional payment method and does not require or authorize the acceptance of any other digital asset.

(c) May not be construed to relieve the Chief Financial Officer or the department of any obligation to secure public funds, including any payment stablecoins, in a qualified public depository unless an exemption applies pursuant to s. 280.03 or, with respect to payment stablecoins, to hold such stablecoins in a manner similar to how direct United States Treasury obligations are held pursuant to s. 17.57(2)(a).

(6) RULEMAKING.—The department may adopt rules to implement this section.

Section 2. This act shall take effect upon becoming law.

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

Remove everything before the enacting clause and insert:

An act relating to the use of digital currency by the Department of Financial Services; creating s. 17.72, F.S.; establishing the Florida Stablecoin Pilot Program within the Department of Financial Services;

providing legislative intent; defining terms; authorizing the department to engage in certain activities; authorizing the department to designate one or more payment stablecoins for certain activities; requiring that certain payment stablecoins meet specified criteria; authorizing the department to accept payment stablecoins; authorizing program participants to elect to voluntarily participate in the program and remit payment stablecoins to a compatible digital wallet address; requiring certain participants to provide the department with a compatible digital wallet address; requiring the department to comply with certain requirements; requiring the department to provide a compatible digital wallet address for a specified purpose; authorizing the department to conduct examinations, audits, and investigations of permitted payment stablecoin issuers; requiring the department to coordinate with the Office of Financial Regulation under certain circumstances; requiring the department to monitor and evaluate the pilot program and collect certain data; requiring the department to submit an annual report containing certain information to the Governor and the Legislature, beginning on a specified date and annually thereafter; providing construction;

authorizing the department to adopt rules; providing an effective date.

PCS for HB 175

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 175	**COMPANION BILL:** None
TITLE: Payment Stablecoin	**LINKED BILLS:** None
SPONSOR(S): Insurance & Banking Subcommittee	**RELATED BILLS:** None

Committee References

Orig. Comm.: Insurance & Banking

SUMMARY

Effect of the Bill:
The bill creates a regulatory framework for payment stablecoin issuers, pursuant to the federal Guiding and Establishing National Innovation for U.S. Stablecoins Act. The bill requires issuers to register with and obtain approval from the Office of Financial Regulation, as well as comply with prudential requirements. The bill requires the Office of Financial Regulation to certify to the federal Stablecoin Certification Review Committee that the state regulatory regime is substantially similar to the federal regulatory regime.

Fiscal or Economic Impact:
The bill may have an indeterminate fiscal impact on the private sector and state government.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Payment stablecoin issuers

Effective January 1, 2027, the bill creates a state-level regulatory framework for payment stablecoin issuers, pursuant to the federal Guiding and Establishing National Innovation for U.S. Stablecoins Act ("GENIUS Act")[1]. (Sections 1-12).

The bill defines "qualified payment stablecoin issuer" as an entity established under the laws of a state and approved by the Office of Financial Regulation ("OFR") to issue payment stablecoin. (Section 1).

The bill defines "payment stablecoin" as a digital asset[2] meeting the following requirements:

- Is meant to be used for payments or settling transactions.
- The issuer of which:
  - Must be ready to convert or redeem it for a fixed amount of money.[3]
  - Represents, or creates a reasonable expectation that the value of the digital asset will remain stable against a fixed amount of money. (Section 1).

[1] 12. U.S.C. 5901et seq.
[2] The bill defines "digital asset" as any digital representation of value that is recorded on a cryptographically secured digital ledger.
[3] E.g. 1 United States Dollar for 1 stablecoin.

The bill provides that the term "payment stablecoin" does not include:

- A national currency.[4]
- Deposits.[5]
- Securities.[6] (Section 1).

Money services businesses

Effective January 1, 2027, the bill expands the definition of money services business to include qualified payment stablecoin issuers, thereby incorporating payment stablecoin issuers into Florida's regulatory framework for money services businesses. However, unlike other money services businesses, the bill does not require licensure of payment stablecoin issuers and instead requires said issuers to apply for and obtain a registration from the OFR. (Sections 1-4).

The bill updates an existing prohibition on unlicensed activity for money services businesses to also cover operating as a payment stablecoin issuer without required registration. (Section 4).

The bill amends the Florida Control of Money Laundering in Money Services Business Act[7] to include payment stablecoins, requiring issuers to comply with its provisions and subjecting them to enforcement for violations. The bill also requires state qualified payment stablecoin issuers to comply with any anti-money laundering regulation provided in the GENIUS Act. (Section 3).

Registration requirements

Effective January 1, 2027, the bill creates part V of ch. 560, F.S., entitled "Payment Stablecoin Issuers" that establishes regulation of issuers of payment stablecoin. (Section 5).

The bill prohibits engaging in the activity of a qualified payment stablecoin issuer prior to applying for and obtaining an approval of registration from OFR. The bill requires OFR to provide the applicant with written notice of OFR's approval or denial of the application for registration. (Section 6).

Registration applications

Effective January 1, 2027, the bill requires applicants seeking registration as a qualified payment stablecoin issuer to submit an application to OFR that includes:

- The applicant's legal name, any fictitious or trade names, and physical and mailing addresses.
- The date and state of formation, if applicable.
- For each control person,[8] their name, identification number (such as social security number, alien identification number, or taxpayer identification number), business and residential addresses, and employment history for the past 5 years.
- A description of the applicant's organizational structure, including any parent or subsidiary entities and whether any are publicly traded.
- The name and mailing address of the registered agent in the state.
- An attestation that the applicant has documented and implemented blockchain analytics policies and procedures to prevent transfers to wallet addresses linked to known criminal activity, and that these controls are integrated into the applicant's compliance program.

[4] Such as United States Dollars or other government-issued money.
[5] A deposit is money or funds held by a bank or savings association that the bank is obligated to repay to the customer. *See* 12 U.S.C. 1813(l).
[6] E.g. notes, stocks and bonds. S. 517.021, F.S., 15 U.S.C. 77b, 15 U.S.C. 78c, and 15 U.S.C. 80a-2.
[7] The Florida Control of Money Laundering in Money Services Businesses Act ("Act") requires money services businesses to maintain records of certain financial transactions and file reports with OFR. Money services businesses who violate the Act can face administrative penalties, fines, and criminal charges. S. 560.123, F.S.
[8] The term "control person" includes key employees of a money service business, such as a president, high ranking officers, and certain shareholders. *See* S. 560.103, F.S.

- Any other information required by Florida statute or the Financial Services Commission ("Commission") rule. (Section 7).

The bill requires applicants to provide any information needed to correct application deficiencies within a timeframe to be set by Commission rule. (Section 7).

Registrants must report any changes to the information in their initial application or application amendments within 30 days of the change taking effect. (Section 7).

Registrations must be renewed annually by December 31 of the year before expiration. To renew, a registrant must either submit updated application information if changes have occurred or an affidavit confirming that no information has changed since the prior year. (Section 7).

A renewal registration becomes effective on the date OFR approves the application for registration. (Section 7).

If a registrant fails to submit a renewal application within 60 days after the registration becomes inactive, the registration expires. Once expired, the issuer must submit a new registration application and receive a new registration from OFR before conducting business in this state. (Section 7).

OFR may deny an initial or renewal application if a control person of the registrant or the registrant has engaged in unlawful business practices or has been convicted or found guilty of, or pled guilty or nolo contendere to crimes involving dishonest dealing, fraud, acts of moral turpitude, or other acts showing an inability to engage lawfully as a qualified payment stablecoin issuer. OFR must deny a renewal application that fails to comply with the application requirements for a new registration. (Section 7).

Any false statement in a registration application renders the registration void. A void registration does not provide a defense against prosecution for violations of ch. 560, F.S. (Section 7).

Financial institutions

Effective January 1, 2027, the bill creates a regulatory framework within Florida's financial institutions codes, allowing trust companies to issue payment stablecoin. The regulatory framework for trusts company payment stablecoin issuers is substantially similar to the regulation of money services business payment stablecoin issuers, such that the two types of issuers must comply with all of the same requirements except that trust companies are not required to register as issuers since they are already regulated under Florida's financial institutions codes.[9] (Section 12).

The bill provides that a qualified payment stablecoin issuer has the same meaning as it applies to money services businesses and also specifies that the term does not include an insured depository institution[10], an uninsured national bank, a federal branch of a foreign bank[11], or a subsidiary[12] of such entities.[13] (Section 12).

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[9] Ch. 658, F.S.

[10] The bills defines "insured depository institution" as any bank or savings association the deposits of which are insured by the Federal Deposit Insurance Corporation and insured credit union means any credit union the member accounts of which are insured by the National Credit Union Administration Board.

[11] The bills defines "federal branch" as a branch of a foreign bank established and operating under 12 U.S.C. 3102.

[12] The bills defines "subsidiary" as any company that is owned or controlled directly or indirectly by another company and includes any service corporation owned in whole or in part by an insured depository institution or any subsidiary of such a service corporation.

[13] Because the definition of a state qualified payment stablecoin issuer in the GENIUS Act excludes insured depository institutions and all state banks and credit unions are insured, the bill does not include a state regulatory regime of banks or credit unions as issuers. S. 658.38, F.S., requires all state banks to maintain insurance from the Federal Deposit Insurance Corporation. S. 657.033, F.S., requires credit union to obtain and maintain insurance of accounts through the National Credit Union Administration.

Limitation on payment stablecoin activities

Effective January 1, 2027, the bill provides that unless licensed as a money services business or chartered a financial institution, a qualified payment stablecoin issuer may engage only in the following activities:

- Issue payment stablecoins.
- Redeem payment stablecoins.
- Manage related reserves, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with federal law and the laws of this state.
- Undertake other activities that directly support any of the activities described above. (Section 8).

Minimum prudential requirements

Effective January 1, 2027, the bill requires payment stablecoin issuers to comply with the requirements of the GENIUS Act, including the following:

Reserve requirements:

- Maintain identifiable reserves equal to at least 100% of outstanding payment stablecoins.
- Permissible reserves include:
    - U.S. coin or currency or funds held at a Federal Reserve Bank.
    - Demand deposits or insured shares at an insured depository institution, subject to federal limits.
    - U.S. treasury bills, notes, or bonds with maturities of 93 days or less.
    - Overnight repurchase or reverse repurchase agreements backed by short-term U.S. Treasuries, subject to federal standards and overcollateralization requirements.
    - Securities issued by a federally registered investment company or other registered government money market fund, and that are invested solely in permitted reserve assets.
    - Other similarly liquid federal government-issued asset approved by the primary federal payment stablecoin regulator, in consultation with OFR.
    - Certain permitted reserves in tokenized form, if compliant with applicable laws. (Sections 9 and 12).

Redemption Policies and Consumer Disclosures

- Publicly disclose a redemption policy with clear procedures for timely redemption of payment stablecoins.
- Clearly disclose all fees associated with purchasing or redeeming payment stablecoins.
    - Fee changes require at least seven days' prior notice to consumers. (Sections 9 and 12).

Restrictions on Use of Reserves

- Comply with federal prohibitions on pledging, rehypothecating[14], or reusing reserve assets, except as permitted for:
    - Satisfying margin obligations related to permitted reserve investments.
    - Satisfying obligations associated with custodial services.
    - Liquidity management to meet redemption demands, including limited use of Treasury-backed repurchase agreements, subject to clearance from a clearing agency or prior approval from OFR. (Sections 9 and 12).

Reserve transparency and reporting

- Publish a monthly reserve report on the issuer's website showing:
    - The total number of outstanding payment stablecoins.
    - The amount, composition, average maturity and custody location of reserve assets. (Sections 9 and 12).

[14] Rehypothecating occurs when an institution reuses required reserve assets that are meant to back customer obligations for the institution's own borrowing, lending, or investment purposes.

Audits, Certifications, and Supervision

- Retain a registered public accounting firm[15] to conduct a monthly examinations of reserve reports.
- Submit monthly certifications to OFR, signed by the issuer's chief executive officer and chief financial officer, attesting to the accuracy of reserve reports.
- Comply with federal and state requirements relating to capital, liquidity, and risk management.
- Use only custodians or safekeepers that comply with the GENIUS Act.
- Comply with all other federal requirements and implementing regulations under the GENIUS Act. (Sections 9 and 12).

The bill prohibits payment stablecoin issuers from engaging in the following conduct:

Anti-competitive and Tying Practices

- Conditioning access to payment stablecoin services on the purchase of unrelated products or services, or on agreements not to use competitors' products, unless authorized by federal law. (Sections 9 and 12).

Deceptive Naming and Marketing

- Using names or marketing that imply association with or endorsement by the U.S. Government.
- Marketing payment stablecoins in a way that would lead a reasonable person to believe they are U.S. legal tender or government-backed. (Sections 9 and 12).

Interest or Yield Payments

- Paying interest or other yield solely for holding or using a payment stablecoin, unless expressly authorized by federal law. (Sections 9 and 12).

Exemptions

Effective January 1, 2027, the bill exempts licensed money services businesses such as payment instrument sellers, foreign currency exchangers, check cashers, or money transmitters from registering as a qualified payment stablecoin issuer, as long as their total outstanding stablecoin issuance does not exceed $10 billion. However, these licensees still must comply with the bill's other requirements for qualified payment stablecoin issuers. (Section 6).

The bill exempts trust companies that issue payment stablecoins with a consolidated total outstanding issuance of $10 billion or less from registration as a qualified payment stablecoin issuer but does require such company to comply with the bill's other provisions for qualified payment stablecoin issuers. (Section 12).

The bill also exempts the following transactions from its provisions:

- Direct transfers of payment stablecoins between two individuals acting on their own behalf, for lawful purposes, without an intermediary.
- Transfers between an account in the U.S. and an account that is abroad as long as both accounts are owned by the same individual and under the same parent company.
- Transactions using software or hardware wallets that facilitates an individual's own custody of payment stablecoins. (Sections 6 and 12).

Transition to federal oversight

Effective January 1, 2027, the bill requires state regulated payment stablecoin issuers to comply with the GENIUS Act's requirement for state regulated issuers to have a total outstanding issuance not exceeding $10 billion. The bill

[15] "Registered public accounting firm" means a public accounting firm registered with the Public Company Accounting Oversight Board.

provides that unless a federal waiver is granted, a payment stablecoin issuer whose total outstanding payment stablecoin issuance reaches $10 billion must do one of the following:

- Within 360 days of reaching the threshold, transition to the applicable federal regulatory framework jointly administered by OFR and the U.S. Office of the Comptroller of the Currency; or
- Stop issuing new payment stablecoins once the threshold is reached until total issuance falls below $10 billion. (Sections 6 and 12).

If a federal waiver is obtained under the GENIUS Act, the issuer remains subject to state regulation, with OFR retaining sole responsibility for supervision, unless supervision is shared jointly[16] with the U.S. Office of the Comptroller of the Currency. (Sections 6 and 12).

The bill also allows OFR to enter into agreements with the appropriate federal regulator for joint supervision of qualified payment stablecoin issuers. (Sections 6 and 12).

State certification

Effective upon becoming law, the bill provides that within 20 days after the federal Stablecoin Certification Review Committee ("Committee") begins accepting certifications, or within 20 days after the bill takes effect[17] (whichever is later), OFR must submit an initial certification to the Committee, as is required by the GENIUS Act in for the state to regulate payment stablecoin issuers.[18] (Section 10)

The initial certification must attest that the state regulatory regime for payment stablecoins is substantially similar to the requirements of the GENIUS Act. (Section 10)

The bill requires OFR to comply with the requirements of the GENIUS Act and submit annual follow-up certifications confirming the continued accuracy of the initial submission by the annual deadline set by the U.S. Secretary of the Treasury. (Sections 10 and 12).

Effective date

Except as otherwise provided, the bill provides an effective date of January 1, 2027. (Section 13).

RULEMAKING:

The bill requires the Financial Services Commission ("Commission") to adopt rules to administer the payment stablecoin framework. The bill also requires the Commission to adopt rules relating to capital, liquidity, and risk management which are consistent with the GENIUS Act. The bill permits the Commission to adopt rules establishing standards for the conduct, supervision, examination, and regulation of qualified payment stablecoin issuers, including requirements relating to reserves, customer-asset protection, reporting, and compliance, in order to meet the minimum requirements established by the Stablecoin Certification Review Committee.

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:

[16] 12 U.S.C. 5901.

[17] The GENIUS Act takes effect on the earlier of January 18, 2027 or the date that is 120 days after the date on which the primary federal regulators issue any final implementing regulations. S.1582 - 119th Congress (2025-2026): GENIUS Act, S.1582, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/senate-bill/1582, (last visited Feb. 5, 2026).

[18] 12 U.S.C. 5901.

STATE GOVERNMENT:

The bill may have an indeterminate fiscal impact on the state government, to the extent that the Office of Financial Regulation incurs costs to promulgate rules and enforce the bill's provisions.

PRIVATE SECTOR:

The bill may have an indeterminate fiscal impact on the private sector, to the extent that stablecoin issuers incur costs to comply with the bill's requirements. The bill may also lead to an expansion of the stablecoin market in Florida.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Virtual currency

Virtual currency is a digital asset that functions as a medium of exchange but lacks legal tender status.[19] In some environments, virtual currency operates like "real" currency[20] (i.e., the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance).[21] Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as "convertible" virtual currency. [22]

Virtual currencies generally operate on networks of computers (nodes) that enable, validate, and record transactions on a distributed digital ledger (blockchain).[23] To transfer an asset on a blockchain, the transferor uses an alphanumeric code known only to the transferor (a private key) to create a request that the network software validate a new ledger entry, which assigns control of the asset to the recipient.[24] Once the network has validated this transfer, the ledger is updated and the recipient may transfer the asset to another recipient using their own private key.[25] Ledger entries are cryptographically secured, and accounts on a blockchain are identified by alphanumeric "public keys" rather than by personal names.[26] Virtual currency wallets are interfaces that store and transfer virtual currency.[27]

Stablecoin

Stablecoins are a type of virtual currency designed to maintain a stable value by pegging the value to a national currency or other assets.[28] As of February 2026, the total market cap for stablecoins is approximately $296 billion.[29] The top three stablecoins in terms of market cap are Tether (USDT), USDC (USDC), and USDS (USDS).[30]

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[19] S. 560.103(36), F.S.
[20] Often referred to as "fiat" currency.
[21] IRS, *Digital assets*, https://www.irs.gov/filing/digital-assets (last visited Feb. 5, 2026).
[22] *Id.*
[23] Office of the Federal Register, National Archives and Records Administration, *Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets*, GovInfo, (Dec. 23, 2020), https://www.govinfo.gov/app/details/FR-2020-12-23/2020-28437/summary (last visited Feb. 5, 2026).
[24] *Id.*
[25] *Id.*
[26] *Id.*
[27] FinCEN, *Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies*, (May 9, 2019), https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf (last visited Feb. 5, 2026).
[28] Congressional Research Service, *Stablecoins: Background and Policy Issues*, https://www.congress.gov/crs-product/IF11968. (last visited Feb. 5, 2026).
[29] Forbes, *Top Stablecoins Coins Today by Market Cap,* https://www.forbes.com/digital-assets/categories/stablecoins/ (last visited Feb. 6, 2026).
[30] *Id.*

The GENIUS Act

On July 18, 2025, the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 ("GENIUS Act") was signed into law, establishing the first regulatory framework for payment stablecoin issuers.[31]

The GENIUS Act takes effect on the earlier of January 18, 2025 or 120 days after the specified federal payment stablecoin regulators issue implementing regulations.[32]

The GENIUS Act defines "payment stablecoin" as a digital asset[33] meeting the following requirements:

- Is meant to be used for payments or settling transactions.
- The issuer of which:
  - Must be ready to convert or redeem it for a fixed amount of money.[34]
  - Represents, or creates a reasonable expectation that the value of the digital asset will remain stable against a fixed amount of money.[35]

Under the GENIUS Act, only permitted payment stablecoin issuers ("PPSIs") may issue a payment stablecoin in the United States.[36] Beginning July 18, 2028, it will be unlawful for digital asset service providers to offer or sell a payment stablecoin in the United States, unless the provider is a PPSI or a foreign payment stablecoin issuer meeting certain conditions.[37]

The GENIUS Act establishes three types of PPSIs, all of which must be formed in the United States:

- a subsidiary of an insured depository institution;[38]
- a federal qualified payment stablecoin issuer; or
- a state qualified stablecoin issuer.[39]

PPSIs must comply with various requirements under the GENIUS Act, such as:

- Maintaining identifiable reserves backing the outstanding payment stablecoins on at least a one- to-one basis comprising on specified types of reserves, such as U.S. coin and currency.[40]
- Publishing the monthly composition of the issuer's reserve on its website, including the average maturity and custody location of each reserve category.
- Having monthly reserve reports examined by a registered public accounting firm and attested to by the issuer's chief executive officer and chief financial officer.[41]

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[31] 12. U.S.C. ss. 5901-5916.
[32] S.1582 - 119th Congress (2025-2026): GENIUS Act, S.1582, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/senate-bill/1582, (last visited Feb. 5, 2026).
[33] The GENIUS Act defines "digital asset" as any digital representation of value that is recorded on a cryptographically secured distributed ledger.
[34] E.g. 1 United States Dollar for 1 stablecoin.
[35] 12 U.S.C. 5901. A payment stablecoin does not include a national currency, deposits as defined in 12 U.S.C. 1813 or securities.
[36] 12 U.S.C. 5902.
[37] *Id.*
[38] A "subsidiary" is any company which is owned or controlled directly or indirectly by another company. The term includes any service corporation owned in whole or in part by an insured depository institution or any subsidiary of such a service corporation. An "insured depository institution" is any bank or savings association the deposits of which are insured by the Federal Deposit Insurance Corporation pursuant to this chapter. *See* 12 U.S.C. 5901 and 12 U.S.C. 1813.
[39] The term "state qualified payment stablecoin issuer" means an entity that is legally established under the laws of a state and approved to issue payment stablecoins by a state payment stablecoin regulator.
[40] 12 U.S.C. 5903(a)(2) prohibits the required reserves from being pledged, rehypothecated, or reused by the permitted payment stablecoin issuer except for as provided in the GENIUS Act.
[41] 12 U.S.C. 5903.

- Publicly disclosing the issuer's redemption policy which must establish clear procedures for timely redemption of payment stablecoins and clearly disclosing all fees[42] associated with purchasing or redeeming payment stablecoins.[43]
- Not engaging in tying practices that condition access to payment stablecoin services on the purchase of unrelated products or services, or on agreements not to use competitors' products, unless authorized by federal law.
- Not using deceptive names or marketing that imply association with or endorsement by the U.S. Government.
- Not paying interest or other yield solely for holding or using a payment stablecoin, unless expressly authorized by federal law.[44]

The GENIUS Act creates a tiered oversight model between federal and state authorities. The GENIUS Act permits states to regulate certain payment stablecoin issuers[45] if:

- The state has a regulatory regime that is substantially similar to the federal regime.
- The state stablecoin regulation submits a certification to the Stablecoin Certification Review Committee ("Committee") attesting that the state-level regulatory regime meets the criteria for substantial similarity.
    - The Committee is comprised of the Secretary of the Treasury, who serves as the Chair, as well as the Chair of the Board of Governors of the Federal Reserve System and the Chair of the Federal Deposit Insurance Corporation.
    - The GENIUS Act requires the Committee to approve or deny a state certification within 30 days after receipt. If the Committee denies the certification, the denial must contain detailed information describing the reasons for the denial. If denied, a state is permitted to resubmit the certification after making any necessary changes.
- The state submits additional certifications to the Committee confirming the accuracy of the initial certification.[46]

A state issuer that has consolidated total outstanding issuance of less than $10 billion may choose to be regulated under a state-level regulatory regime. A state issuer that reaches the $10 billion threshold must either comply with a specified transition to the federal regulatory framework or cease issuing new payment stablecoins until the consolidated total outstanding issuance is below $10 billion.

The federal regulator may issue a waiver to allow a state issuer who exceeds the $10 billion threshold to remain supervised solely by the state regulator. If a state complies with certain requirements, such as establishing a regulatory regime for the supervision of digital assets or payment stablecoins before the 90-day period ending on the date of the enactment of the Act, then the state issuer is presumptively approved for a waiver.[47]

The GENIUS Act requires designated federal regulators[48] to implement rules and regulations for implementing the GENIUS Act, including rules establishing principles for determining whether a state-level regulatory regime is

[42] Fee changes require at least seven days' prior notice to consumers.
[43] 12 U.S.C. 5903.
[44] *Id.*
[45] The GENIUS Act provides that a state qualified payment stablecoin issuer means an entity that (A) is legally established under the laws of a State and approved to issue payment stablecoins by a state payment stablecoin regulator; and (B) is not an uninsured national bank chartered by the Comptroller pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such national bank, Federal branch, or insured depository institution. 12 U.S.C. 5901.
[46] 12 U.S.C. 5901.
[47] 12 U.S.C. 5903(d).
[48] The federal regulators include the U.S. Treasury, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

substantially similar to the federal regulatory framework.[49] As of February 2026, said rules and regulations have not been implemented.

State law

The Financial Services Commission ("Commission") is an executive agency within the Department of Financial Services and is composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture.[50] The OFR is responsible for all activities of the Financial Services Commission relating to the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry.[51]

The Division of Consumer Finance within OFR licenses and regulates various aspects of the non-depository financial services industries, including money services businesses.[52]

The Bureau of Bank Regulation, which is within OFR's Division of Financial Institutions, examines and regulates state-chartered commercial banks, as well as trust companies, trust departments, and international bank offices.[53] Florida has dual oversight of the banking system, such that financial institutions are regulated by both state and federal agencies.[54]

Money services businesses

A money services business is, "any person located in or doing business in this state, from this state, or into this state from locations outside this state or country who acts as a payment instrument seller, foreign currency exchanger, check casher, or money transmitter."[55] Money services businesses must be licensed with OFR.[56]

Trust companies

In Florida, the Florida Financial Institutions Codes govern all state-authorized and state-chartered banks, trust companies, and related entities.[57] A trust company is a financial institution other than a bank or state or federal association, that is authorized by lawful authority to act as a fiduciary.[58] To create a trust company, persons must apply for and obtain approval from OFR.[59]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: Insurance & Banking Subcommittee			Brackett	Highsmith

[49] 12 U.S.C. 5903.
[50] S. 20.121(3), F.S.
[51] S. 20.121(3)(a)2., F.S.
[52] Office of Financial Regulation, *Division of Consumer Finance*, Division of Consumer Finance (last visited Feb. 5, 2026).
[53] Office of Financial Regulation, *Division of Financial Institutions*, Division of Financial Institutions (last visited Feb. 5, 2026).
[54] *Id.*
[55] S. 560.103(23), F.S.
[56] S. 560.125, F.S.
[57] S. 655.005(1)(k), F.S., states that the Financial Institutions Codes includes: Ch. 655, financial institutions generally; Ch. 657, credit unions; Ch. 658, banks and trust companies; Ch. 660, trust business; Ch. 662, family trust companies; Ch. 663, international banking; Ch. 665, relating to associations; and Ch. 667, savings banks.
[58] S. 658.12, F.S.
[59] S. 658.19, F.S.

A bill to be entitled

An act relating to payment stablecoin; amending s. 560.103, F.S.; revising the definition of the term "money services business"; defining terms; amending s. 560.114, F.S.; revising the actions by a money services business which constitute grounds for disciplinary actions; amending s. 560.123, F.S.; revising the Florida Control of Money Laundering in Money Services Business Act to include payment stablecoins; requiring certain payment stablecoin issuers to comply with certain regulations; amending s. 560.125, F.S.; revising the prohibition regarding the business of money services businesses or deferred presentment providers; revising the circumstances relating to violations of certain provisions; creating part V of ch. 560, F.S., entitled "Payment Stablecoin Issuers"; creating s. 560.501, F.S.; prohibiting persons from engaging in the activity of a qualified payment stablecoin issuer without registering and receiving a specified notification; providing that certain money services businesses are exempt from registration requirements; specifying that certain payment stablecoins are not a security and are not subject to certain requirements; specifying that certain transactions are not regulated under certain

provisions; requiring qualified payment stablecoin issuers to comply with certain requirements; specifying that qualified payment stablecoin issuers are subject to certain provisions under certain circumstances; specifying that the Office of Financial Regulation remains solely responsible for supervising qualified payment stablecoin issuers or is jointly responsible with the United States Office of the Comptroller of the Currency for such supervision under certain circumstances; creating s. 560.502, F.S.; requiring applicants seeking to be a qualified payment stablecoin issuer to submit a specified application to the office; requiring applicants to resolve deficiencies found in their applications within a certain timeframe; requiring registrants to report changes in their information within a specified timeframe; requiring registrants to renew registration annually; requiring the registrant to renew registration in a specified manner; specifying that the renewal registration becomes effective on a certain date; requiring the office to approve renewal registration within a specified timeframe; specifying that failure to submit an application within a specified timeframe results in the registration becoming expired; requiring a qualified payment

stablecoin issuer with an expired registration to submit a new application to the office; providing that the office must issue a certification of registration before the qualified payment stablecoin issuer may conduct business in this state; authorizing the office to deny the prospective registrant's renewal application under certain circumstances; requiring the office to deny the application of qualified payment stablecoin issuers under certain circumstances; specifying that any false statement in the application renders the registration void; providing construction; prohibiting registration and registration renewal fees; creating s. 560.503, F.S.; specifying that qualified payment stablecoin issuers may only engage in certain activities; creating s. 560.504, F.S.; requiring qualified payment stablecoin issuers to comply with certain requirements; prohibiting qualified payment stablecoin issuers from engaging in certain conduct; creating s. 560.505, F.S.; requiring the office to submit initial and additional certifications to a specified committee under certain circumstances; requiring the office to comply with certain requirements; creating s. 560.506, F.S.; requiring the Financial Services Commission to adopt specified rules; creating s. 658.997, F.S.; defining

terms; specifying that certain trust companies are exempt from registration as qualified payment stablecoin issuers but are subject to certain provisions; specifying that certain payment stablecoins are not securities and are not subject to certain requirements; specifying that certain transactions are not regulated by certain provisions; requiring qualified payment stablecoin issuers to comply with certain requirements; specifying that qualified payment stablecoin issuers remain subject to certain provisions under certain circumstances; authorizing the office to enter into an agreement with specified regulators for joint supervision of qualified payment stablecoin issuers; specifying that the office remains solely responsible for supervising qualified payment stablecoin issuers or is jointly responsible with the United States Office of the Comptroller of the Currency for such supervision under certain circumstances; specifying that qualified payment stablecoin issuers may engage only in certain activities; requiring qualified payment stablecoin issuers to comply with certain requirements; defining the term "registered public accounting firm"; prohibiting qualified payment stablecoin issuers from engaging in certain conduct; requiring that the

office's initial and annual recertification include certain information; providing for certain rule adoption by the commission; providing effective dates.

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

Section 1. Present subsections (33), (34), and (35) and (36) through (39) of section 560.103, Florida Statutes, as amended by chapter 2025-100, Laws of Florida, are redesignated as subsections (34), (35), and (36) and (38) through (41), respectively, new subsections (33) and (37) are added to that section, and subsection (25) of that section is amended, to read:

560.103 Definitions.—As used in this chapter, the term:

(25) "Money services business" means any person located in or doing business in this state, from this state, or into this state from locations outside this state or country who acts as a payment instrument seller, foreign currency exchanger, check casher, ~~or~~ money transmitter, or qualified payment stablecoin issuer.

(33) "Payment stablecoin" means a digital asset that meets all of the following requirements:

(a)1. Is, or is designed to be, used as a means of payment or settlement; and

2. The issuer of which:

a. Is obligated to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.

b. Represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.

(b) The term does not include a digital asset that is any of the following:

1. A national currency. For purposes of this subparagraph, the term "national currency" means each of the following:

a. A Federal Reserve note as the term is used in the first undesignated paragraph of s. 16 of the Federal Reserve Act, 12 U.S.C. s. 411.

b. Money standing to the credit of an account with a Federal Reserve Bank.

c. Money issued by a foreign central bank.

d. Money issued by an intergovernmental organization pursuant to an agreement by two or more governments.

2. A deposit as defined in s. 3 of the Federal Deposit Insurance Act, 12 U.S.C. s. 1813, including a deposit recorded using distributed ledger technology. For purposes of this subparagraph, the term "distributed ledger" means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among

network participants and cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

3. A security, as defined in s. 517.021, s. 2 of the Securities Act of 1933, 15 U.S.C. s. 77b, s. 3 of the Securities and Exchange Act of 1934, 15 U.S.C. s. 78c, or s. 2 of the Investment Company Act of 1940, 15 U.S.C. s. 80a-2.

(c) As used in this subsection, the term "digital asset" means any digital representation of value that is recorded on a cryptographically secured digital ledger.

(37) "Qualified payment stablecoin issuer" means an entity legally established under the laws of a state and registered with the office to issue payment stablecoins.

Section 2. Paragraph (w) of subsection (1) of section 560.114, Florida Statutes, is amended to read:

560.114 Disciplinary actions; penalties.—

(1) The following actions by a money services business, authorized vendor, or affiliated party constitute grounds for the issuance of a cease and desist order; the issuance of a removal order; the denial, suspension, or revocation of a license; or taking any other action within the authority of the office pursuant to this chapter:

(w) Engaging or advertising engagement in the business of a money services business or deferred presentment provider without a license or registration, unless exempted from

licensure or registration.

Section 3. Present subsection (9) of section 560.123, Florida Statutes, is redesignated as subsection (10), a new subsection (9) is added to that section, and subsections (2), (3), and (8) of that section are amended, to read:

560.123 Florida Control of Money Laundering in Money Services Business Act.—

(2) The purpose of this section is to require the maintenance of certain records of transactions involving currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins in order to deter the use of a money services business to conceal proceeds from criminal activity and to ensure the availability of such records for criminal, tax, or regulatory investigations or proceedings.

(3) A money services business shall keep a record, as prescribed by the commission, of each financial transaction occurring in this state which it knows to involve currency, monetary value, a payment instrument, ~~or~~ virtual currency, or a payment stablecoin having a value greater than $10,000; to involve the proceeds of specified unlawful activity; or to be designed to evade the reporting requirements of this section or chapter 896. The money services business must maintain appropriate procedures to ensure compliance with this section and chapter 896.

(a) Multiple financial transactions shall be treated as a

single transaction if the money services business has knowledge that they are made by or on behalf of any one person and result in value in or value out totaling a value of more than $10,000 during any day.

(b) A money services business may keep a record of any financial transaction occurring in this state, regardless of the value, if it suspects that the transaction involves the proceeds of unlawful activity.

(c) The money services business must file a report with the office of any records required by this subsection, at such time and containing such information as required by rule. The timely filing of the report required by 31 U.S.C. s. 5313 with the appropriate federal agency shall be deemed compliance with the reporting requirements of this subsection unless the reports are not regularly and comprehensively transmitted by the federal agency to the office.

(d) A money services business, or control person, employee, or agent thereof, that files a report in good faith pursuant to this section is not liable to any person for loss or damage caused in whole or in part by the making, filing, or governmental use of the report, or any information contained therein.

(8)(a) Except as provided in paragraph (b), a person who willfully violates any provision of this section commits a misdemeanor of the first degree, punishable as provided in s.

775.082 or s. 775.083.

(b) A person who willfully violates any provision of this section, if the violation involves:

1. Currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins of a value exceeding $300 but less than $20,000 in any 12-month period, commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

2. Currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins of a value totaling or exceeding $20,000 but less than $100,000 in any 12-month period, commits a felony of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

3. Currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins of a value totaling or exceeding $100,000 in any 12-month period, commits a felony of the first degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(c) In addition to the penalties authorized by s. 775.082, s. 775.083, or s. 775.084, a person who has been convicted of, or entered a plea of guilty or nolo contendere, regardless of adjudication, to having violated paragraph (b) may be sentenced to pay a fine of up to the greater of $250,000 or twice the value of the currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins, except that on a

second or subsequent conviction for or plea of guilty or nolo contendere, regardless of adjudication, to a violation of paragraph (b), the fine may be up to the greater of $500,000 or quintuple the value of the currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins.

(d) A person who violates this section is also liable for a civil penalty of up to the greater of the value of the currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins involved or $25,000.

(9) A state qualified payment stablecoin issuer must comply with any anti-money laundering regulation provided in the GENIUS Act under Pub. L. No. 119-27, which includes, but is not limited to, provisions relating to economic sanctions, prevention of money laundering, customer identification, and due diligence in the Bank Secrecy Act, s. 21 of the Federal Deposit Insurance Act, 12 U.S.C. s. 1813, chapter 2 of Title I of Pub. L. No. 91-508, and subchapter II of chapter 53 of Title 31, United States Code.

Section 4. Subsection (1), paragraph (a) of subsection (5), and subsection (6) of section 560.125, Florida Statutes, are amended to read:

560.125 Unlicensed activity; penalties.—

(1) A person may not engage in the business of a money services business or deferred presentment provider in this state unless the person is licensed, registered, or exempted from

licensure or registration under this chapter. A deferred presentment transaction conducted by a person not authorized to conduct such transaction under this chapter is void, and the unauthorized person has no right to collect, receive, or retain any principal, interest, or charges relating to such transaction.

(5) A person who violates this section, if the violation involves:

(a) Currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins of a value exceeding $300 but less than $20,000 in any 12-month period, commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(6) In addition to the penalties authorized by s. 775.082, s. 775.083, or s. 775.084, a person who has been convicted of, or entered a plea of guilty or nolo contendere to, having violated this section may be sentenced to pay a fine of up to the greater of $250,000 or twice the value of the currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins, except that on a second or subsequent violation of this section the fine may be up to the greater of $500,000 or quintuple the value of the currency, monetary value, payment instruments, ~~or~~ virtual currency, or payment stablecoins.

Section 5. Part V of chapter 560, Florida Statutes,

consisting of ss. 560.501-560.506, Florida Statutes, is created and entitled "Payment Stablecoin Issuers."

Section 6. Section 560.501, Florida Statutes, is created to read:

560.501 Registration required; exemptions; transition to federal oversight.—

(1) REGISTRATION REQUIREMENT.—Unless exempted, a person may not engage in the activity of a qualified payment stablecoin issuer as authorized in s. 560.503 in this state without first registering, or renewing registration, with the office in accordance with s. 560.502 and receiving notification from the office that such person is approved as a qualified payment stablecoin issuer. The office shall give written notice to such person that the agency has approved or denied the application for registration.

(2) EXEMPTIONS.—

(a) A payment instrument seller, foreign currency exchanger, check casher, or money transmitter that is licensed as a money services business pursuant to s. 560.141 and issues payment stablecoins with a consolidated total outstanding issuance of $10 billion or less is exempt from registration as a qualified payment stablecoin issuer but is subject to ss. 560.503 and 560.504.

(b) A payment stablecoin that meets the requirements of this part is not a security and is not subject to the

requirements of chapter 517.

(c) The following transactions are not regulated under this part:

1. The direct transfer of payment stablecoin between two individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary.

2. Any transaction involving the receipt of payment stablecoins by an individual between an account owned by the individual in the United States and an account owned by the individual abroad which are offered by the same parent company.

3. Any transaction by means of a software or hardware wallet that facilitates an individual's own custody of payment stablecoins.

(3) TRANSITION TO FEDERAL OVERSIGHT.—

(a) Unless a federal waiver is obtained, a qualified payment stablecoin issuer with a consolidated total outstanding payment stablecoin issuance that reaches the $10 billion threshold must comply with one of the following requirements:

1. Not later than 360 days after the payment stablecoin issuance reaches such threshold, transition to the applicable federal regulatory framework administered jointly by the office and the United States Office of the Comptroller of the Currency; or

2. Beginning on the date the payment stablecoin issuance reaches such threshold, cease issuing new payment stablecoins

until the payment stablecoin falls below the $10 billion consolidated total outstanding issuance threshold.

(b) A qualified payment stablecoin issuer remains subject to this part if a federal waiver of the transition requirements in paragraph (a) is obtained pursuant to the GENIUS Act, Pub. L. No. 119-27, and the office remains solely responsible for supervising the qualified payment stablecoin issuer, or if the office is jointly responsible with the United States Office of the Comptroller of the Currency to supervise the qualified payment stablecoin issuer pursuant to subparagraph (a)1. The office may enter into an agreement with the relevant primary federal payment stablecoin regulator for the joint supervision of any qualified payment stablecoin issuer.

Section 7. Section 560.502, Florida Statutes, is created to read:

560.502 Registration applications.—

(1) To apply to be a qualified payment stablecoin issuer under this part, the applicant must submit a completed registration application on forms prescribed by rule of the commission. The application must include the following information:

(a) The legal name of the applicant, including any fictitious or trade names used by the applicant in the conduct of its business, and the physical and mailing addresses of the applicant.

(b) The date of the applicant's formation and the state in which the applicant was formed, if applicable.

(c) The name, social security number, alien identification number or taxpayer identification number, business and residence addresses, and employment history for the past 5 years for each control person as defined in s. 560.103.

(d) A description of the organizational structure of the applicant, including the identity of any parent or subsidiary of the applicant, and a disclosure of whether any parent or subsidiary is publicly traded.

(e) The name and mailing address of the registered agent in this state for service of process.

(f) An attestation that the applicant has developed clearly documented policies, processes, and procedures regarding the use of blockchain analytics to prevent transfers to wallet addresses linked to known criminal activity, including the manner in which such blockchain analytics activity will integrate into its compliance controls, and that the applicant will maintain and comply with such blockchain analytics policies, processes, and procedures.

(g) Any other information as required by this chapter or commission rule.

(2) Any information needed to resolve deficiencies found in the application must be provided within a time period prescribed by rule of the commission.

(3) A registrant shall report, on a form prescribed by rule of the commission, any change in the information contained in an initial application form or an amendment thereto within 30 days after the change is effective.

(4) A registrant must renew its registration annually on or before December 31 of the year preceding the expiration date of the registration. To renew such registration, the registrant must submit a renewal application that provides the information required in subsection (1) if there are changes in the application information, or an affidavit signed by the registrant that the information remains the same as the prior year's information.

(5) Any renewal registration made pursuant to this section becomes effective upon the date the office approves the application for registration. The office shall approve the renewal registration within a timeframe prescribed by rule.

(6) Failure to submit an application to renew a qualified payment stablecoin issuer's registration within 60 days after the registration becomes inactive will result in the registration becoming expired. If the registration is expired, a new application to register the qualified payment stablecoin issuer pursuant to subsection (1) must be submitted to the office, and a new registration must be issued by the office before the qualified payment stablecoin issuer may conduct business in this state.

(7) If a control person of a registrant or prospective registrant has engaged in any unlawful business practice, or has been convicted or found guilty of, or pled guilty or nolo contendere to, regardless of adjudication, a crime involving dishonest dealing, fraud, acts of moral turpitude, or other acts that reflect an inability to engage lawfully in the business of a registered qualified payment stablecoin issuer, the office may deny the prospective registrant's initial registration application or the registrant's renewal application.

(8) The office shall deny the application of a qualified payment stablecoin issuer that submits a renewal application that fails to comply with subsection (1).

(9) Any false statement made by a qualified payment stablecoin issuer in an application for registration under this section renders the registration void. A void registration may not be construed as creating a defense to any prosecution for violation of this chapter.

(10) The office may not charge any registration or registration renewal fees and also may not charge any application fees to register or renew a registration.

Section 8. Section 560.503, Florida Statutes, is created to read:

560.503 Limitation on payment stablecoin activities.—Unless licensed under this chapter or chapter 655 to conduct other financial business activities, a qualified payment

stablecoin issuer may engage only in the following activities:

(1) Issue payment stablecoins.

(2) Redeem payment stablecoins.

(3) Manage related reserves, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with federal law and the laws of this state.

(4) Undertake other activities that directly support any of the activities described in this section.

Section 9. Section 560.504, Florida Statutes, is created to read:

560.504 Minimum prudential requirements.—

(1) In accordance with the GENIUS Act, Pub. L. No. 119-27, a qualified payment stablecoin issuer must comply with all of the following requirements:

(a) Maintain identifiable reserves backing the outstanding payment stablecoins of the qualified payment stablecoin issuer on at least a one-to-one basis, with reserves consisting of any of the following:

1. United States coin or currency or money standing to the credit of an account with a Federal Reserve Bank.

2. Funds held as demand deposits or insured shares at an insured depository institution, subject to limitations established by the Federal Deposit Insurance Corporation and the National Credit Union Administration.

3. Treasury bills, notes, or bonds with a remaining maturity or issued with a maturity of 93 days or less.

4. Money received under repurchase agreements, with the qualified payment stablecoin issuer acting as a seller of securities and with an overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less.

5. Reverse purchase agreements, with the qualified payment stablecoin issuer acting as a purchaser of securities and with an overnight maturity, that are collateralized by Treasury bills, notes, or bonds on an overnight basis, subject to overcollateralization in line with standard market terms that meet federal requirements in the GENIUS Act, Pub. L. No. 119-27.

6. Securities issued by an investment company registered under s. 8(a) of the Investment Company Act of 1940, 15 U.S.C. s. 80a-8(a), or other registered government money market fund, and that are invested solely in underlying assets described in subparagraphs 1.-5.

7. Any other similarly liquid Federal Government-issued asset approved by the primary federal payment stablecoin regulator, in consultation with the office.

8. Any reserve described in subparagraphs 1.-3. or subparagraph 6. or subparagraph 7. in tokenized form, provided that such reserves comply with all applicable laws and regulations.

(b) Publicly disclose the issuer's redemption policy,

which must comply with all of the following requirements:

1. Establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins.

2. Publicly, clearly, and conspicuously disclose in plain language all fees associated with purchasing or redeeming the payment stablecoins, provided that such fees can be changed only upon not less than 7 days' prior notice to consumers.

(c) Publish on the issuer's website a monthly reserve composition of the issuer's reserve which must contain all of the following information:

1. The total number of outstanding payment stablecoins issued by the issuer.

2. The amount and composition of the reserves described in paragraph (a), including the average tenor and geographic location of custody of each category of reserve instruments.

(d) Comply with all federal prohibitions on pledging, rehypothecating, or reusing reserve assets, either directly or indirectly, except for any of the following purposes:

1. Satisfying margin obligations in connection with investments in permitted reserves under subparagraph (a)4. or subparagraph (a)5.

2. Satisfying obligations associated with the use, receipt, or provision of standard custodial services.

3. Creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in

the form of Treasury bills may be sold as purchased securities for repurchase agreements with a maturity of 93 days or less, provided that either:

a. The repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or

b. The qualified payment stablecoin issuer receives prior approval from the office.

(e) Engage a registered public accounting firm to conduct a monthly examination of the previous month-end reserve report. For purposes of this paragraph, the term "registered public accounting firm" means a public accounting firm registered with the Public Company Accounting Oversight Board.

(f) Submit to the office each month a certification as to the accuracy of the month-end reserve report by the qualified payment stablecoin issuer's chief executive officer and chief financial officer.

(g) Comply with any federal regulations or state rules prescribed by commission rule relating to capital, liquidity, and risk management requirements.

(h) Engage only custodians or safekeepers that comply with s. 10 of the GENIUS Act, Pub. L. No. 119-27.

(i) Comply with any other federal requirements of s. 4(a) of the GENIUS Act, Pub. L. No. 119-27, and any implementing federal regulations.

(2) A qualified payment stablecoin issuer is prohibited from engaging in all of the following conduct:

(a) Except as may be authorized under federal law, tying arrangements that condition access to stablecoin services on the purchase of unrelated products or services from such qualified payment stablecoin issuer or an agreement not to obtain products or services from a competitor.

(b) Using deceptive names, which includes, but is not limited to, any of the following:

1. Using any combination of terms relating to the United States Government, except abbreviations directly related to the currency to which a payment stablecoin is pegged, such as "USD."

2. Marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be legal tender, as described in 31 U.S.C. s. 5103, issued by the United States, or guaranteed or approved by the United States Government.

(c) Unless authorized by federal law, paying the holder of any payment stablecoin any form of interest or yield solely in connection with holding, use, or retention of such payment stablecoin.

Section 10. Effective upon becoming law, Section 560.505, Florida Statutes, is created to read:

560.505 State certification.—

(1) No later than 20 days after the federal Stablecoin

Certification Review Committee begins accepting certifications or no later than 20 days after the effective date of this act, whichever is later, the office must submit an initial certification to such committee on a form prescribed by the committee attesting that the state regulatory regime meets the criteria for substantial similarity established pursuant to the GENIUS Act.

(2) No later than the date to be determined by the United States Secretary of the Treasury each year, the office must submit to the Stablecoin Certification Review Committee an additional certification that confirms the accuracy of the initial certification submitted.

(3) The office must comply with the requirements of s. 4(c)(4) of the GENIUS Act to ensure the state receives certification and annual recertification by the Stablecoin Certification Review Committee of the state regulatory regime.

Section 11. Section 560.506, Florida Statutes, is created to read:

560.506 Rulemaking authority.—The commission shall adopt rules to administer this part as required in s. 13 of the GENIUS Act, Pub. L. No. 119-27. The commission must also adopt rules relating to capital, liquidity, and risk management which are consistent with s. 4(a)(4) of the GENIUS Act, Pub. L. No. 119-27. The commission may adopt rules establishing standards for the conduct, supervision, examination, and regulation of

qualified payment stablecoin issuers, including requirements relating to reserves, customer-asset protection, reporting, and compliance, in order to meet the minimum requirements established by the Stablecoin Certification Review Committee.

Section 12. Section 658.997, Florida Statutes, is created to read:

658.997 Qualified payment stablecoin issuers.—

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

(a) "Payment stablecoin" has the same meaning as in s. 560.103.

(b) "Qualified payment stablecoin issuer" has the same meaning as in s. 560.103. The term does not include an insured depository institution, an uninsured national bank, a federal branch of a foreign bank, or a subsidiary of such entities. For purposes of this paragraph, the terms:

1. "Federal branch" means a branch of a foreign bank established and operating under 12 U.S.C. s. 3102.

2. "Insured depository institution" means any bank or savings association the deposits of which are insured by the Federal Deposit Insurance Corporation and insured credit union means any credit union the member accounts of which are insured by the National Credit Union Administration Board.

3. "Subsidiary" means any company that is owned or controlled directly or indirectly by another company and includes any service corporation owned in whole or in part by an

insured depository institution or any subsidiary of such a service corporation.

(2) EXEMPTIONS.—

(a) A trust company that is organized pursuant to this section and issues payment stablecoins with a consolidated total outstanding issuance of $10 billion or less is exempt from registration as a qualified payment stablecoin issuer but is subject to the provisions of this section.

(b) A payment stablecoin that meets the requirements of this part is not a security and is not subject to the requirements of chapter 517.

(c) The following transactions are not regulated under this part:

1. The direct transfer of payment stablecoin between two individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary.

2. Any transaction involving the receipt of payment stablecoin by an individual between an account owned by the individual in the United States and an account owned by the individual abroad which are offered by the same parent company.

3. Any transaction by means of a software or hardware wallet that facilitates an individual's own custody of payment stablecoin.

(3) TRANSITION TO FEDERAL OVERSIGHT.—

(a) Unless a federal waiver is obtained, a qualified

payment stablecoin issuer with a consolidated total outstanding payment stablecoin issuance that reaches the $10 billion threshold must comply with one of the following requirements:

1. Not later than 360 days after the payment stablecoin issuance reaches such threshold, transition to the applicable federal regulatory framework administered jointly by the office and the United States Office of the Comptroller of the Currency; or

2. Beginning on the date the payment stablecoin issuance reaches such threshold, cease issuing new payment stablecoins until the payment stablecoin falls below the $10 billion consolidated total outstanding issuance threshold.

(b) A qualified payment stablecoin issuer remains subject to this part if a federal waiver of the transition requirements in paragraph (a) is obtained pursuant to the GENIUS Act, Pub. L. No. 119-27, and the office remains solely responsible for supervising the qualified payment stablecoin issuer, or if the office is jointly responsible with the United States Office of the Comptroller of the Currency to supervise the qualified payment stablecoin issuer pursuant to subparagraph (a)1. The office may enter into an agreement with the relevant primary federal payment stablecoin regulator for the joint supervision of any qualified payment stablecoin issuer.

(4) LIMITATION ON PAYMENT STABLECOIN ACTIVITIES.—Unless licensed under chapter 560 or chapter 655 to conduct other

financial business activities, a qualified payment stablecoin issuer may engage only in the following activities:

(a) Issue payment stablecoins.

(b) Redeem payment stablecoins.

(c) Manage related reserves, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with federal law and the laws of this state.

(d) Undertake other activities that directly support any of the activities described in this section.

(5) MINIMUM PRUDENTIAL REQUIREMENTS.—

(a) In accordance with the GENIUS Act, Pub. L. No. 119-27, a qualified payment stablecoin issuer must comply with all of the following requirements:

1. Maintain identifiable reserves backing the outstanding payment stablecoins of the qualified payment stablecoin issuer on at least a one-to-one basis, with reserves consisting of any of the following:

a. United States coin or currency or money standing to the credit of an account with a Federal Reserve Bank.

b. Funds held as demand deposits or insured shares at an insured depository institution, subject to limitations established by the Federal Deposit Insurance Corporation and the National Credit Union Administration.

c. Treasury bills, notes, or bonds with a remaining

maturity or issued with a maturity of 93 days or less.

d. Money received under repurchase agreements, with the qualified payment stablecoin issuer acting as a seller of securities and with an overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less.

e. Reverse purchase agreements, with the qualified payment stablecoin issuer acting as a purchaser of securities and with an overnight maturity, that are collateralized by Treasury bills, notes, or bonds on an overnight basis, subject to overcollateralization in line with standard market terms that meet federal requirements in the GENIUS Act, Pub. L. No. 119-27.

f. Securities issued by an investment company registered under s. 8(a) of the Investment Company Act of 1940, 15 U.S.C. s. 80a-8(a), or other registered government money market fund, and that are invested solely in underlying assets described in sub-subparagraphs a.-e.

g. Any other similarly liquid Federal Government-issued asset approved by the primary federal payment stablecoin regulator, in consultation with the office.

h. Any reserve described in sub-subparagraphs a.-c. or sub-subparagraph f. or sub-subparagraph g. in tokenized form, provided that such reserves comply with all applicable laws and regulations.

2. Publicly disclose the issuer's redemption policy, which must comply with all of the following requirements:

a. Establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins.

b. Publicly, clearly, and conspicuously disclose in plain language all fees associated with purchasing or redeeming the payment stablecoins, provided that such fees can be changed only upon not less than 7 days' prior notice to consumers.

3. Publish on the issuer's website a monthly reserve composition of the issuer's reserve which must contain all of the following information:

a. The total number of outstanding payment stablecoins issued by the issuer.

b. The amount and composition of the reserves described in subparagraph 1., including the average tenor and geographic location of custody of each category of reserve instruments.

4. Comply with all federal prohibitions on the pledging, rehypothecating, or reusing reserve assets, either directly or indirectly, except for any of the following purposes:

a. Satisfying margin obligations in connection with investments in permitted reserves under sub-subparagraph 1.d. or sub-subparagraph 1.e..

b. Satisfying obligations associated with the use, receipt, or provision of standard custodial services.

c. Creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills may be sold as purchased securities

for repurchase agreements with a maturity of 93 days or less, provided that either:

(I) The repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or

(II) The qualified payment stablecoin issuer receives prior approval from the office.

5. Engage a registered public accounting firm to conduct a monthly examination of the previous month-end reserve report. For purposes of this subparagraph, the term "registered public accounting firm" means a public accounting firm registered with the Public Company Accounting Oversight Board.

6. Submit to the office each month a certification as to the accuracy of the month-end reserve report by the qualified payment stablecoin issuer's chief executive officer and chief financial officer.

7. Comply with any federal regulations or state rules prescribed by commission rule relating to capital, liquidity, and risk management requirements.

8. Engage only custodians or safekeepers that comply with s. 10 of the GENIUS Act, Pub. L. No. 119-27.

9. Comply with any other federal requirements of s. 4(a) of the GENIUS Act, Pub. L. No. 119-27, and any implementing federal regulations.

(b) A qualified payment stablecoin issuer is prohibited

from engaging in all of the following conduct:

1. Except as may be authorized under federal law, tying arrangements that condition access to stablecoin services on the purchase of unrelated products or services from such qualified payment stablecoin issuer or an agreement not to obtain products or services from a competitor.

2. Using deceptive names, which includes, but is not limited to, any of the following:

a. Using any combination of terms relating to the United States Government, except abbreviations directly related to the currency to which a payment stablecoin is pegged, such as "USD."

b. Marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be legal tender, as described in 31 U.S.C. s. 5103, issued by the United States, or guaranteed or approved by the United States Government.

3. Unless authorized by federal law, paying the holder of any payment stablecoin any form of interest or yield solely in connection with holding, use, or retention of such payment stablecoin.

(6) CERTIFICATION.—The office's initial certification and annual recertification submission to the federal Stablecoin Certification Review Committee pursuant to s. 560.505 must include any relevant information related to the provisions of this chapter in the office's request for certification or

recertification of the state regulatory regime of payment stablecoins.

(7) RULEMAKING.—The commission may adopt rules to administer this section as required in s. 13 of the GENIUS Act, Pub. L. No. 119-27. The commission must also adopt rules relating to capital, liquidity, and risk management which are consistent with s. 4(a)(4) of the GENIUS Act, Pub. L. No. 119-27. The commission may adopt rules establishing standards for the conduct, supervision, examination, and regulation of qualified payment stablecoin issuers, including requirements relating to reserves, customer-asset protection, reporting, and compliance in order to meet the minimum requirements established by the Stablecoin Certification Review Committee.

Section 13. Except as otherwise expressly provided in this act, this act shall take effect on January 1, 2027.

PCS for HB 1263

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 1263	**COMPANION BILL:** None
TITLE: Office of Insurance Regulations	**LINKED BILLS:** PCS for HB 1265
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 including:

- Granting OIR and the Department of Financial Services ("DFS") the authority to issue cease and desist orders for unlicensed activity.
- Providing that OIR may examine administrators, which includes Pharmacy Benefit Managers (PBMs).
- Requiring background checks for key insurance personnel, and authorizing the Florida Department of Law Enforcement and the Federal Bureau of Investigations to process fingerprints.
- Requiring OIR to be copied in the notice provided to the Department of Legal Affairs in the event of data breaches that affect insurers or other entities subject to OIR's jurisdiction.
- Requiring private passenger automobile insurers and residential property insurers to use certain models approved by the Florida Commission on Loss Projection Methodology.
- Requiring full rate filings from private passenger automobile insurers after two years of certifying that current rates are actuarily sound and adequate.
- Requiring minimum mitigation discounts for structures that meet or exceed building code requirements.
- Aligning Florida law with National Association of Insurance Commissioners ("NAIC") accreditation requirements by requiring the ultimate controlling person of an insurer to file an annual group capital calculation and a liquidity stress test.
- Requiring Attorneys in Fact of Reciprocal Insurers to obtain a registration from OIR.

Fiscal or Economic Impact:
The bill may have an indeterminate fiscal impact on state government and the private sector.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Authority of the Office of Insurance Regulation
The bill clarifies that the Office of Insurance Regulation ("OIR") is responsible for all activities concerning other entities under its jurisdiction, in addition to their current statutory authority over insurers and other risk bearing entities.[1] (Section 1).

The bill grants OIR and the Department of Financial Services ("DFS") the authority to issue cease and desist orders when there is probable cause that a person is performing activities that require a license, registration, or certificate of authority from OIR or DFS without holding the required authorization. (Section 3).

[1] According to OIR, this change is necessary to clarify that OIR has jurisdiction to regulate entities that are within OIR's jurisdiction but are not risk bearing. Email from Seth Stubbs, Director of Legislative and Cabinet Affairs, Office of Insurance Regulation, Explanation of Sections 1 & 22 (Feb. 5, 2026).

The authority to issue a cease and desist extends to any person who aids and abets in the violation of the Florida Insurance Code. To enforce a cease and desist issued under this provision, OIR or DFS may file an action for a court proceeding seeking an injunction against a person who violates any provision of the cease and desist order. (Section 3).

The bill provides that OIR may examine administrators, as often as it deems necessary. (Section 5).

Background Checks
The bill authorizes the Florida Department of Law Enforcement ("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, volunteers, and others who may influence or control insurance operations. (Section 6).

Fingerprints must be submitted to OIR, an authorized vendor, or authorized agency and will be processed by both the FDLE, for the state portion of the criminal background check, and the Federal Bureau of Investigation ("FBI") for the national portion of the criminal background check. 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 6)

Fees for state and federal fingerprinting processing must be paid by the person submitting them.[2] (Section 6).

Cybersecurity
Current law requires certain entities[3] to provide a notice to the Department of Legal Affairs whenever there is a breach of security[4] affecting 500 or more individuals in Florida.[5] The bill requires entities subject to the jurisdiction of OIR to copy OIR on the notice provided to the Department of Legal Affairs. (Section 2).

Covered entities that are required to notify OIR of a security breach must provide the following information to OIR upon request:

- A police report, incident report, or computer forensics report.
- A copy of the policies in place regarding breaches.
- Steps that have been taken to rectify the breach. (Section 2).

Rate Filings
The bill provides that, beginning January 1, 2027, the projected comprehensive losses used to determine a hurricane catastrophe load for private passenger automobile insurance rate filings must be estimated using a model or method approved by the Florida Commission on Hurricane Loss Projection Methodology. (Section 7).

The bill provides that, beginning January 1, 2027, projected flood losses for personal residential property insurance must be estimated using a model or method approved by the Florida Commission on Hurricane Loss Projection Methodology. (Section 7).

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[2] According to FDLE, the cost for a statewide criminal history record check is $24, and if the person is required to undergo a state and national criminal history record check, the total cost is $36. *See* Florida Department of Law Enforcement, Agency Analysis of 2026 House Bill 1263, p. 3 (Feb. 5, 2026).
[3] These entities are referred to as "covered entities" in statute, and include sole proprietorships, partnerships, corporations, trusts, estates, cooperatives, associations, or other commercial entities that acquire, maintain, store, or use personal information. For purpose of notice requirements, it also includes governmental entities.
[4] A "breach of security" means "unauthorized access of data in electronic form containing personal information." S. 501.171(1)(a), F.S.
[5] S. 501.171(3)(a), F.S.

Current law provides that if no rate change is proposed, an insurer may file with OIR a certification by an actuary that existing rate levels produce rates which are actuarily sound and not inadequate. The bill provides that residential property insurers and private passenger automobile insurers must file with OIR a full rate filing after two consecutive years of certifying the current rate is adequate. (Section 10).

Mitigation Discounts, Credits, and Other Rate Differentials
The bill provides that OIR must determine minimum discounts, credits, other rate differentials, and appropriate reductions in deductibles for fixtures and construction techniques that meet or exceed the minimum requirements of the Florida Building Code. (Section 9).

The bill provides that OIR's determination of a minimum discount may not prohibit an insurer from seeking additional actuarily justified credits, discounts, or other rate differentials, or appropriate reductions in deductibles for fixtures of construction techniques that meet or exceed the minimum requirements of the Florida Building Code. (Section 9).

The bill provides that the notification form[6] sent to policyholders at the time of issuance of an insurance policy and upon each renewal must notify the policyholder if the insurer offers an enhanced discount for a roof system that uses a secondary water resistance. (Section 11).

Statewide Database of Uniform Mitigation Verification Inspection Forms
The bill requires OIR to contract with a state university to design, operate, upgrade, and maintain a statewide database for uniform mitigation verification inspection forms. Beginning January 1, 2027, the bill requires insurers to electronically file in this database a copy of each uniform mitigation inspection form submitted by a policyholder within 15 days of receipt. (Section 11).

Assignment of Benefits Data Call
The bill repeals the requirement for insurers to report annually data on each residential and commercial property insurance claim paid in the prior calendar year under an assignment agreement. (Section 12).

Insurer Experience Reporting
Beginning January 1, 2027, the bill requires each insurer transacting private passenger automobile insurance in Florida to report monthly to OIR the following information:

- Policy coverage categories, including policies in force and total direct premiums earned and written.
- The type, location, and limits of writings in this state.
- Claims reporting requirements.
- Any other information deemed necessary by the Financial Services Commission ("FSC") to provide OIR with the ability to track trends occurring in the private passenger automobile insurance market. (Section 13).

The bill deletes a requirement for insurers in various lines of liability[7] to annually report to OIR specified information on premiums, reserves, expenses, losses, income, fees, acquisition costs, general expenses, dividends, and investments. (Section 13).
Group Capital Calculation and Liquidity Stress Test Framework

[6] The form must notify policyholders of the availability of each premium discount, credit, other rate differential, or reductions in deductibles for windstorm mitigation and home hardening fixtures or techniques. The form must list actions a policyholder may take to reduce their windstorm premium. *See* s. 627.711(1), F.S.
[7] The lines include: fire, homeowners' multiple peril, commercial multiple peril, commercial multiple peril, medical malpractice, products liability, workers' compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers' and directors' liability insurance, and other liability insurance.

The bill requires the ultimate controlling person of every insurer that is a member of an insurance holding company system[8] to file an annual group capital calculation report on or before April 1, unless specifically exempt. Exemptions include:

- Insurance holding company systems with only one insurer, that is only licensed and writing business in its domestic state, and does not assume business from any other insurer.
- Insurance holding company systems that are already required to perform a group capital calculation by the United States Federal Reserve Board.
- Insurance holding company systems whose non-U.S. group-wide supervisor[9] is located in a reciprocal jurisdiction that recognizes the United States' regulatory approach to group supervision and group capital.
- An insurance holding company system that meets both of the following:
    - It provides information to the lead state that meets the requirements for accreditation under the National Association of Insurance Commissioners ("NAIC") Financial Standards and Accreditation Program, either directly or indirectly, through the group-wide supervisor who has determined that the information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook.
    - Its non–U.S. group-wide supervisor is not in a reciprocal jurisdiction, as described in section 1103, and recognizes and accepts, as specified by the director, the group capital calculation as the world-wide group capital assessment for U.S. insurance groups that operate in that jurisdiction. (Section 14).

If OIR determines that an insurance holding company no longer meets one of the exemptions above, the ultimate controlling person of the insurer must file the group capital calculation report at the next annual filing date, unless OIR grants an extension based on reasonable grounds. (Section 14).

If an insurance holding company system has previously filed the annual group capital calculation report at least once, OIR may exempt the ultimate controlling person from filing the annual group capital calculation report, or accept a limited group capital filing instead of a full annual group capital calculation report, if the insurance holding company system meets all of the following criteria:

- Has an annual direct and unaffiliated assumed premium[10] of less than $1 billion, excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program.
- Does not have insurers within its holding company structure that are domiciled outside of the United States or one of its territories.
- Does not have a banking, depository, or other financial entity that is subject to a regulatory capital framework[11] within its holding company structure.
- Attests that there are no material changes in the transactions between insurers and noninsurers in the group which have occurred since the last filing of the annual group capital calculation report.
- The noninsurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations. (Section 14).

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[8] An insurance holding company system consists of two or more affiliated persons, one or more of which is an insurer. *See* R. 690-143.0465, F.A.C.

[9] A group-wide supervisor is defined in the bill as the regulatory official authorized to engage in conducting and coordinating group-wide supervision activities who is determined or acknowledged by the Insurance Commissioner to have sufficient contacts with an internationally active insurance group..

[10] "Direct written premiums" represent the total amount of premiums for policies sold to customers, before deducting any reinsurance ceded. "Assumed premiums" are the revenue received for policy coverage that is provided due to a reinsurance agreement. *See* Investopedia, *Understanding Direct Premiums Written: Definition and Impact* (Jan. 9, 2026) https://www.investopedia.com/terms/d/direct-premiums-written.asp (last visited Feb. 8, 2026). "Unaffiliated assumed premiums" are assumed premiums, when the insurance company takes on the risk from an insurance company outside its holding company system.

[11] "Regulatory capital framework" means the legal requirements specifying the minimum amount of capital a company must hold to avoid increased regulatory scrutiny. . The term includes the NAIC risk-based capital frameworks. *See* 12 CFR § 217.601(2023).

If an insurance holding company system was granted an exemption due to a previous filing of the annual group capital calculation report, OIR may require the ultimate controlling person to file an annual group capital calculation report at any time, if any of the following criteria are met:

- An insurer within the holding company system is in a risk-based capital action level event or a similar standard for a non-United States insurer.
- An insurer within the holding company system meets one or more of the standards of an insurer deemed to be in a hazardous financial condition.
- An insurer within the holding company system otherwise exhibits qualities of a troubled insurer as determined by OIR.

The bill requires the ultimate controlling person of every insurer that is a member of an insurance holding company system to file the results of a specific year's liquidity[12] stress test annually on or before April 1, provided that the insurer meets at least one threshold of the scope criteria[13] adopted by the NAIC for that year. (Section 15).

The bill provides that the group capital calculation report and the liquidity stress test are regulatory tools to assess group risks, capital adequacy, and group liquidity risks, and are not intended to rank insurers or insurance holding company systems.

The bill prohibits insurers, brokers, and any other person engaged in the business of insurance from making any representation or statement about the results of the group capital calculation or the liquidity stress test. The bill also provides that an insurer may publish announcements for the sole purpose of rebutting a materially false representation about the group capital calculation or liquidity stress test results. (Section 16).

Registration of Attorneys in Fact

The bill creates a registration for the attorney in fact of a reciprocal insurer. The application for registration as an attorney in fact must be made under oath and must include:

- All basic organizational documents, and any amendments to such documents, of the applicant dated within the last year and appropriately certified.
- The bylaws, rules, and regulations or similar documents regulating the conduct of the internal affairs of the applicant, other applicable documents, and all amendments to those documents, dated within the last year and appropriately certified.
- A copy of the most recent financial statement of the applicant, verified under oath by at least two of the applicant's principal officers.
- A detailed plan of operation.
- An e-mail address at which the applicant agrees to accept electronic service from OIR.
- Background information for each individual who is responsible for the conduct of the applicant's affairs.
- Any other information OIR may reasonably require. (Section 17).

The bill provides that OIR may not require an applicant to pay a fee for the attorney in fact registration or for filing an application for the registration. (Section 17).

Once an applicant files the sworn application, OIR must investigate each applicant, and may issue a registration if OIR finds the applicant:

- Is competent and trustworthy, and intends use the registration to act in good faith.
- Has management that has a good business reputation and has had experience, training, or education that qualifies the applicant to conduct business as an Attorney in Fact.

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[12] Generally, liquidity means an insurer's or holding company's ability to promptly meet its short-term financial obligations, like paying claims, using cash or investments, without incurring significant losses. *See* Investopedia, *Understanding Current Liquidity in Insurance: Key Concepts Explained*, https://www.investopedia.com/terms/c/current-liquidity.asp# (Last visited Feb. 9, 2026).

[13] "Scope criteria" means the exposure bases (activities assumed to be correlated with liquidity risk) designated by the NAIC for the specified data year. These exposure bases are used to establish a preliminary list of insurers considered scoped into the Liquidity Stress Test Framework.

- Has a business plan that is consistent with the interests of potential insureds and the public. (Section 17).

The bill provides that the registration renews automatically on March 1 every year, provided the attorney in fact remains qualified under chapter 629, F.S., which regulates reciprocal insurers. The bill provides that OIR may not require an attorney in fact to pay a fee for the renewal of the registration. (Section 18).

The bill provides grounds for denial, suspension, or revocation of an attorney in fact's registration. These grounds include that OIR determined the attorney in fact:

- Has violated any lawful rule or order of the FSC or OIR or any applicable provision of the Insurance Code.
- Has used or is using methods or practices in the conduct of its business which render its further transaction of business in this state hazardous or injurious to insured persons or the public.
- Has refused to be examined or to produce its accounts, records, and files for examination.
- Is or was affiliated with another attorney in fact which transacts business in Florida without a registration.
- Fails at any time to meet the qualifications required for issuance of the registration.
- Is under suspension or revocation in Florida or another state for any license related to insurance.
- Is under receivership, conservatorship, or rehabilitation proceedings in Florida or another state.
- Has financial conditions or business practices that pose a threat to the health, safety, or welfare of the residents of Florida. (Section 19).

The bill provides that the suspension or revocation of an attorney in fact's registration takes effect when the order is mailed by OIR to the attorney in fact by registered or certified mail, and sent electronically to the e-mail address provided in the application. The bill authorizes OIR to publish notice of the suspension or revocation of an attorney in fact's registration in one or more newspapers of general circulation published in Florida. (Section 20).

The bill provides that a suspension may not exceed one year, and that upon the end of the suspension period, the registration is automatically reinstated. (Section 21).

The bill provides that OIR may impose administrative fines in lieu of suspension, revocation, or nonrenewal. These fines include:

- For nonwillful violations, OIR may impose fines of up to $5,000 for each violation, which may not exceed $50,000 for all nonwillful violations arising out of the same action.
- For knowing and willful violations, OIR may impose fines of up to $25,000 per violation, which may not exceed $250,000 for all violations arising out of the same action.
- For knowing and willful violations of a lawful order issued by OIR or the FSC during a declared state of emergency, OIR may impose a $200,000 fine for each violation, up to $1,000,000 for all knowing and willful violations arising out of the same action. (Section 22).

Effective Date

The bill provides an effective date of July 1, 2026.

RULEMAKING:

The bill requires the Financial Services Commission ("FSC") to adopt rules to implement the statewide database of uniform mitigation verification inspection forms. (Section 11).

The bill requires the FSC to adopt rules specifying the information private passenger automobile insurers must file monthly as part of the insurer experience reporting requirement. (Section 13).

The bill allows the FSC to adopt rules for the filing of the annual group capital calculation report in accordance with the Insurance Holding Company System Regulatory Act of the NAIC and the Insurance Holding Company System Model Regulation of the NAIC, as adopted in December 2020. (Section 14).

The bill allows OIR to adopt rules for filing the results of the liquidity stress test in accordance with the Insurance Holding Company System Regulatory Act of the NAIC and the Insurance Holding Company System Model Regulation of the NAIC. (Section 16).

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 fiscal impact on the Office of Insurance Regulation to the extent it may require additional resources to ensure compliance with the requirements of the bill, including processing applications for Attorney in Fact registrations.

PRIVATE SECTOR:

The bill may have an indeterminate economic impact on the private sector to the extent insurers may need to use additional resources to ensure compliance with the requirements of the bill.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Office of Insurance Regulation

The Office of Insurance Regulation ("OIR") regulates all activities relating to insurers and other risk bearing entities, including licensing, rates, policy forms, marked conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision.[14] OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each authorized insurer in the state.[15] As part of that process, insurers must make available all records relating to the subject of the examination.[16] OIR is also authorized to carry out market conduct examinations to determine compliance with the Florida Insurance Code.[17]

Financial Services Commission

The Financial Services Commission is composed of the Governor, the Chief Financial Officer, the Attorney General, and the Commissioner of Agriculture and it serves as agency head of the OIR for purposes of rulemaking.[18] The Financial Services Commission encompasses two offices: the Office of Insurance Regulation (responsible for insurers and risk bearing entities) and the Office of Financial Regulation (responsible for the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry).[19]

Administrators

An administrator is a person or entity that markets or arranges insurance coverage, collects premiums or other charges, or processes, adjusts, or settles claims, in connection with authorized commercial self-insurance funds or insured or self-insured programs that provide life or health insurance.[20] The term includes a person or entity that under a health care risk contract with an insurer or health maintenance organization provides billing and

[14] S. 20.121(3)(a), F.S.
[15] S. 624.316(1)(a), F.S.
[16] S. 624.318(2), F.S.
[17] S. 624.3161, F.S.
[18] S. 20.121(3), F.S.
[19] *Id*.
[20] S. 626.88(1), F.S.

collection services to insurers or HMOs on behalf of health care providers.[21] The term also includes pharmacy benefit managers.[22]

Background Checks

The Florida Department of Law Enforcement ("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.[23] FDLE is authorized to exchange fingerprint data with the United States Department of Justice ("DOJ") as part of national criminal history checks.[24] The Federal Bureau of Investigation ("FBI") s is the principal investigative arm of the DOJ.[25]

As part of Florida's oversight of the insurance industry, 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.[26] Individuals applying for licenses—such as insurance agents, adjusters, and other regulated professionals—must submit to fingerprint-based background screenings.[27] Fingerprints must be submitted electronically through a LiveScan vendor approved by FDLE.[28] FDLE processes the fingerprints and transmits the results to the appropriate licensing authority, typically DFS, to determine the applicant's eligibility.[29]

The FBI will not approve access to national criminal history record information for the purpose of licensing or employment unless all of the following criteria are satisfied:[30]

- The statute must exist as a result of a legislative enactment.
- It must require the fingerprinting of applicants who are subjected to a national criminal history record check.
- It must authorize the use of FBI records for the screening of applicants.
- It must specify the specific categories of licensees or employees falling within its purview, thereby avoiding overbreadth.
- It may not authorize receipt of the criminal history record information to a private entity.

Notice to the Department of Legal Affairs about Security Breach

Current law provides that entities that acquire, maintain, store, or use personal information must provide notice to the Department of Legal Affairs of any breach of security that affects 500 or more individuals in Florida.[31] The notice must be provided to the Department of Legal Affairs as soon as possible, but no later than 30 days following the determination of the breach or reason to believe a breach occurred.[32] An entity may receive 15 additional days to provide the required notice if good cause for delay is provided in writing to the Department of Legal Affairs.[33]

The notice must include:[34]

- A synopsis of the events surrounding the breach at the time the notice is provided.

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[21] *Id*.
[22] *Id*.
[23] S. 943.053, F.S.
[24] S. 943.054, F.S.
[25] Federal Bureau of Investigations, *What is the FBI*, https://www.fbi.gov/about/faqs/what-is-the-fbi (last visited Feb. 7, 2026).
[26] S. 943.053(3)(a), F.S.
[27] S. 626.171(4), F.S.
[28] Florida Department of Financial Services, *Fingerprinting Information*, https://www.myfloridacfo.com/division/agents/licensing/agents-and-adjusters/fingerprinting-information. (last visited on Feb. 7, 2026).
[29] *Id*.
[30] Florida Department of Law Enforcement, Agency Analysis of 2026 House Bill 1263, p. 4 (Feb. 5, 2026).
[31] S. 501.171, F.S.
[32] *Id*.
[33] *Id*.
[34] *Id*.

- The number of individuals in Florida who were or potentially have been affected by the breach.
- Any services related to the breach being offered or scheduled to be offered, without charge, by the entity to the affected individuals, and instructions on how to use those services.
- A copy of the notice sent to the affected individuals.
- The name, address, telephone number, and e-mail address of the employee or agent of the entity that can provide additional information about the breach.

Florida Commission on Hurricane Loss Projection Methodology

The Florida Commission on Hurricane Loss Projection Methodology was created in 1995 by the Legislature to serve as an independent panel to evaluate computer simulation models and other recently developed or improved actuarial methodologies for projecting hurricane and flood losses.[35]

The Legislature determined that the Florida Commission on Hurricane Loss Projection Methodology was necessary to ensure rates are neither excessive nor inadequate, and that computer modeling has made it possible to improve the accuracy of hurricane and flood loss projections.[36]

Rate Filings

Insurers[37] are required to submit an annual base rate filing for each line they write. There are two ways an insurer can satisfy this requirement:[38]

- A rate filing prepared by an actuary, including documentation demonstrating that the proposed rates are not excessive, inadequate, or unfairly discriminatory.
- 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 actuarily sound and which are not inadequate.

Mitigation Discounts, Credits, and Other Rate Differentials

Residential property insurance rate filings must account for mitigation measures undertaken by policyholders to reduce hurricane losses.[39] Specifically, the rate filings must include actuarially reasonable discounts, credits, or other rate differentials or appropriate reductions in deductibles to consumers who implement windstorm damage mitigation techniques to their properties.[40]

Upon their filing by an insurer or rating organization, OIR determines the discounts, credits, other rate differentials and appropriate reductions in deductibles that reflect the full actuarial value of such revaluation,[41] which in turn may be used in rate filings under the rating law. Windstorm mitigation measures that must be evaluated for purposes of mitigation discounts include fixtures or construction techniques that enhance roof strength, roof covering performance, roof-to-wall strength, wall-to-floor-to-foundation strength, opening protection, and window, door, and skylight strength.[42]

An insurer is required to notify an applicant or policyholder of any personal lines residential property insurance policy, at the time of the issuance of the policy and at each renewal, of the availability of each premium discount, credit, other rate differential for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm can be or have been installed or implemented.[43]

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[35] Florida Commission on Hurricane Loss Projection Methodology, *About the FCHLPM*, https://fchlpm.sbafla.com/about-the-fchlpm/ (last visited Feb. 8, 2026).
[36] *Id*.
[37] Workers' compensation carriers, employer's liability insurers, and most types of commercial property and casualty insurers are excluded from this requirement. *See* s. 627.0645(1), F.S.
[38] S. 627.0645, F.S.
[39] S. 627.062(2), F.S.
[40] S. 627.0629, F.S.
[41] *Id*.
[42] *Id*.
[43] S. 627.711(1), F.S.

Uniform Mitigation Verification Inspection Forms

Current law requires the Financial Services Commission ("FSC") to develop by rule a uniform mitigation verification inspection form that must be used by all insurers when submitted by policyholders for the purpose of factoring discounts for wind insurance.[44]

Insurer Experience Reporting

Each insurer transacting insurance business in Florida must report certain information annually to the OIR.[45] The information for an insurer transacting private passenger automobile insurance must be on direct insurance writings in Florida alone, represent total limits data, and be divided into the following categories: bodily injury liability; property damage liability; uninsured motorist; personal injury protection benefits; medical payments; comprehensive and collision.[46]

The information for an insurer transacting fire, homeowner's multiple peril, commercial multiple peril, medical malpractice, products liability, workers' compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers' and directors' liability insurance, or other liability insurance must be reported for direct Florida business only and be reported on a calendar-year basis annually by April 1 for the preceding calendar year.[47]

OIR must provide a summary of this information in its annual report.[48]

Assignment of Benefits Data Call

An assignment is the voluntary transfer of the rights of one party under a contract to another party; the transfer by a party to another party of some valuable interest.[49] In 2022,[50] the Legislature prohibited the assignment, in whole or in part, of any post-loss insurance benefit under any residential property insurance policy or under any commercial property insurance policy issued on or after January 1, 2023.[51]

Group Capital Calculation and Liquidity Stress Test

The National Association of Insurance Commissioners ("NAIC") is the standard-setting and regulatory organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five United States territories.[52] The organization sets standards and regulatory best practices.

In December 2020, the NAIC adopted amendments to the NAIC Holding Company Model Act. These amendments included implementing a group capital calculation and liquidity stress framework, with the goal of providing insurance regulators with more tools for conducting group-wide supervision of holding companies.[53] Specifically, the NAIC has noted that the group capital calculation will:[54]

- provide key financial information on the insurance group;
- quantify risk across the insurance group:
- support transparency into how capital is allocated; and
- aid regulators in understanding whether and to what degree insurance companies are supporting the operations of non-insurance entities.

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[44] S. 627.711, F.S.
[45] S. 627.915, F.S.
[46] S. 627.915(1), F.S.
[47] S. 627.915(2), F.S.
[48] S. 627.915(4), F.S.
[49] Black's Law Dictionary, 2nd Ed., https://thelawdictionary.org/assignment/ (last visited Feb. 7, 2026).
[50] Section 21, ch. 2022-271, L.O.F.
[51] S. 627.7152(13), F.S.
[52] National Association of Insurance Commissioners ("NAIC"), *What is the NAIC and what does it do?*, https://content.naic.org/sites/default/files/about-naic.pdf (last visited Feb. 3, 2026).
[53] NAIC, *The NAIC Group Capital Calculation, Liquidity Stress Test, and Receivership Provisions* (August 2025), http://content.naic.org/sites/default/files/government-affairs-brief-gccc-liquidity-receivership.pdf (last visited Feb. 2, 2026).
[54] *Id*.

The NAIC has indicated that implementation of these revisions will likely become an NAIC accreditation requirement on January 1, 2026.[55] According to the NAIC, its accreditation program fosters inter-state cooperation, reduces duplicative regulation, and provides baseline consumer protections.[56] NAIC accreditation allows regulators of multi-state insurers to rely on the domiciliary state's solvency regulations to avoid duplication of effort and expense.[57] For example, instead of performing its own examination, a state may accept the examination report prepared by an insurance department that was accredited at the time of examination.[58] According to the NAIC, this cooperation saves insurance companies, and thus consumers, millions of dollars.[59] The loss of accreditation could lead to the loss of domestic insurers.[60]

Attorneys in Fact

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.[61] The customers, known as subscribers, sign an agreement authorizing an agent to act as their attorney in fact for the purpose of insurance.[62] The attorney in fact is usually a management company, and they are authorized to sign contracts on behalf of all subscribers.[63]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: Insurance & Banking Subcommittee			Brackett	Miguez

[55] *Id*.
[56] NAIC, *The NAIC Accreditation Program* (Jan. 2024), https://content.naic.org/sites/default/files/government-affairs-brief-accreditation-program.pdf (last visited Feb, 3, 2026).
[57] *Id*.
[58] *Id*.
[59] *Id*.
[60] *Id*.
[61] 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.
[62] *Id*. at 264.
[63] *Id*. at 251.

A bill to be entitled

An act relating to the Office of Insurance Regulation; amending s. 20.121, F.S.; providing that the Office of Insurance Regulation is responsible for all activities concerning entities under its jurisdiction; amending s. 501.171, F.S.; requiring entities under the office's jurisdiction to copy the office on certain notices and provide certain information, upon request, to the Department of Legal Affairs; amending s. 624.310, F.S.; authorizing the Department of Financial Services and the office to issue cease and desist orders for unlicensed activity; authorizing the department and the office to seek an injunction for enforcement of such order; amending s. 624.316, F.S.; removing a provision allowing the Financial Services Commission to adopt the Market Conduct Examiners Handbook; amending s. 624.3161, F.S.; granting the office the authority to examine administrators; authorizing the commission to adopt by rule the Market Conduct Examiners Handbook; creating s. 624.341, F.S.; providing legislative findings and intent; requiring the Department of Law Enforcement to accept and process fingerprints taken of certain persons; specifying procedures for fingerprinting; authorizing the Department of Law Enforcement to exchange certain

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

records with the office; specifying that fingerprints must be submitted in accordance with certain rules; requiring the Department of Law Enforcement and the Federal Bureau of Investigation 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 Law Enforcement of any person whose fingerprints no longer need to be retained; specifying who bears the costs of fingerprint processing; requiring the office to review criminal history background checks and make certain determinations; specifying that certain criminal records be used by the office for certain purposes; amending s. 627.062, F.S.; requiring, rather than authorizing, the office to estimate projected flood losses for residential property insurance using a certain model; requiring the office to consider projected comprehensive losses for certain private passenger automobile insurance using a model approved by the Florida Commission on Hurricane Loss Projection Methodology; amending s. 627.0628, F.S.; requiring private passenger automobile insurance to be adequately projected; amending s. 627.0629, F.S.; requiring the office to determine minimum rate differentials for windstorm damage mitigation

techniques that meet or exceed the minimum requirements of the Florida Building Code; authorizing insurers to seek additional rate differentials; amending s. 627.0645, F.S.; revising requirements of rate filing with the office for certain insurers; amending s. 627.711, F.S.; requiring the notification form sent to insureds at the time of issuance of the insurance policy and renewal to notify the insured of certain discounts; 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 within a specified timeframe in the database beginning on a specified date; requiring the commission to adopt rules; amending s. 627.7152, F.S.; removing a provision requiring insurers to report on residential and commercial property insurance claims paid in a certain year; amending s. 627.915, F.S.; requiring private passenger automobile insurers to file specified monthly reports beginning on a specified date; requiring the commission to adopt rules; removing the requirement for certain insurers to submit such report; removing an exemption for certain insurers; creating s. 628.8011, F.S.; providing definitions; requiring certain persons to file a group

capital calculation report annually by a specified date; providing requirements for such report; exempting certain insurance holding company systems from filing such report; requiring certain non-United States-based insurance holding company systems to file a group capital calculation report; authorizing the office to exempt certain persons from filing such report under certain circumstances; authorizing the filing of a limited group capital filing instead of the group capital calculation report under certain circumstances; authorizing the office to require certain insurance holding company systems to file such report despite qualifying for an exemption under certain circumstances; requiring the office to adopt certain criteria and publish certain information on its website; authorizing the office to adopt certain rules; creating s. 628.8012, F.S.; providing definitions; requiring certain persons to annually file results of a liquidity stress test in compliance with specified instructions; providing an exemption; authorizing the office to adopt rules; creating s. 628.8013, F.S.; providing that a certain report and test are for specified purposes; prohibiting certain representations or statements by certain persons; authorizing an insurer to rebut certain information in

a written publication under certain circumstances; creating s. 629.53, F.S.; requiring attorneys in fact of reciprocal insurers to obtain a registration; providing requirements for the application of such registration; requiring the office to investigate applicants and issue registrations to applicants under certain circumstances; creating s. 629.54, F.S.; providing for automatic renewal of the registration of an attorney in fact; creating s. 629.55, F.S.; authorizing the office to deny, suspend, revoke, or refuse to renew the registration of an attorney in fact under certain circumstances; creating s. 629.56, F.S.; providing for when an order of suspension or revocation of a registration is effected; authorizing the office to publish certain notice in newspapers of general circulation; creating s. 629.57, F.S.; providing a limitation to how long the registration of an attorney in fact may be suspended; providing that a registration is automatically reinstated after the suspension ends; creating s. 629.58, F.S.; authorizing the office to issue administrative fines in lieu of suspension or revocation; prohibiting a fine to be borne by an insurer; amending ss. 634.141, 634.314, and 634.416, F.S.; conforming cross-references; providing an effective date.

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

Section 1. Paragraph (a) of subsection (3) of section 20.121, Florida Statutes, is amended to read:

20.121 Department of Financial Services.—There is created a Department of Financial Services.

(3) FINANCIAL SERVICES COMMISSION.—Effective January 7, 2003, there is created within the Department of Financial Services the Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, which shall for purposes of this section be referred to as the commission. Commission members shall serve as agency head of the Financial Services Commission. The commission shall be a separate budget entity and shall be exempt from the provisions of s. 20.052. Commission action shall be by majority vote consisting of at least three affirmative votes. The commission shall not be subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters.

(a) Structure.—The major structural unit of the commission is the office. Each office shall be headed by a director. The following offices are established:

1. The Office of Insurance Regulation, which shall be responsible for all activities concerning insurers, ~~and~~ other risk bearing entities, and other entities under its jurisdiction, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the insurance code or chapter 636. The head of the Office of Insurance Regulation is the Director of the Office of Insurance Regulation, who may also be known as the Commissioner of Insurance Regulation.

2. The Office of Financial Regulation, which shall be responsible for all activities of the Financial Services Commission relating to the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry. The head of the office is the Director of the Office of Financial Regulation, who may also be known as the Commissioner of Financial Regulation. The Office of Financial Regulation shall include a Bureau of Financial Investigations, which shall function as a criminal justice agency for purposes of ss. 943.045-943.08 and shall have a separate budget. The bureau may conduct investigations within or outside this state as the bureau deems necessary to aid in the enforcement of this section. If, during an investigation, the office has reason to believe that any criminal law of this state has or may have been violated, the office shall refer any records tending to show

such violation to state or federal law enforcement or prosecutorial agencies and shall provide investigative assistance to those agencies as required.

Section 2. Paragraph (f) is added to subsection (3) of section 501.171, Florida Statutes, to read:

501.171 Security of confidential personal information.—

(3) NOTICE TO DEPARTMENT OF SECURITY BREACH.—

(f) If a covered entity is subject to the jurisdiction of the Office of Insurance Regulation, the covered entity must copy the office on the notice provided to the department. The covered entity must provide any information listed in paragraph (c) to the office upon its request.

Section 3. Paragraph (g) is added to subsection (5) of section 624.310, Florida Statutes, to read:

624.310 Enforcement; cease and desist orders; removal of certain persons; fines.—

(5) ADMINISTRATIVE FINES; ENFORCEMENT.—

(g) If the department or office has probable cause to believe that a person is performing activities that require a license, registration, certificate of authority, or any other form of authorization from the department or office, and the person performing such activities does not hold the required license, registration, certificate of authority, or other form of authorization, the department or office may issue and deliver to such person a notice to cease and desist from such violation

of the insurance code. In addition, the department or office may issue and deliver a notice to cease and desist to any person who aids and abets the person violating the insurance code. For the purpose of enforcing a cease and desist order under this paragraph, the department or office may file an action for a court proceeding in the name of this state seeking the issuance of an injunction against a person who violates any provision of the cease and desist order.

Section 4. Paragraph (c) of subsection (1) of section 624.316, Florida Statutes, is amended to read:

624.316 Examination of insurers.—

(1)

(c) The office shall examine each insurer according to accounting procedures designed to fulfill the requirements of generally accepted insurance accounting principles and practices and good internal control and in keeping with generally accepted accounting forms, accounts, records, methods, and practices relating to insurers. To facilitate uniformity in examinations, the commission may adopt, by rule~~, the Market Conduct Examiners Handbook and~~ the Financial Condition Examiners Handbook of the National Association of Insurance Commissioners, 2002, and may adopt subsequent amendments thereto, if the examination methodology remains substantially consistent.

Section 5. Subsections (2) through (9) of section 624.3161, Florida Statutes, are renumbered as subsections (3)

through (10), respectively, subsection (1), paragraph (e) of present subsection (8), and paragraph (a) of present subsection (9) are amended, and a new subsection (2) is added to that section, to read:

624.3161 Market conduct examinations.—

(1) As often as it deems necessary, the office shall examine each licensed rating organization, ~~each~~ advisory organization, administrator, ~~each~~ group, association, carrier~~,~~ as defined in s. 440.02, ~~or other~~ organization of insurers which engages in joint underwriting or joint reinsurance, the attorney in fact of each reciprocal insurer, and ~~each~~ authorized insurer transacting in this state any class of insurance to which chapter 627 is applicable. The examination must be for the purpose of ascertaining compliance by the person examined with the applicable provisions of this chapter and chapters 440, 626, 627, and 635.

(2) To facilitate uniformity in examinations, the commission may adopt, by rule, the Market Conduct Examiners Handbook of the National Association of Insurance Commissions, 2024, and may adopt subsequent amendments thereto, if the examination methodology remains substantially consistent.

(9)~~(8)~~ The office shall create, and the commission shall adopt by rule, a selection methodology for scheduling and conducting market conduct examinations of insurers and other entities regulated by the office. This requirement does not

restrict the authority of the office to conduct market conduct examinations as often as it deems necessary. Such selection methodology must prioritize market conduct examinations of insurers and other entities regulated by the office to whom any of the following conditions applies:

(e) The insurer meets the criteria in subsection (8) ~~(7)~~.

The office shall present the proposed rule required by this subsection to the commission no later than October 1, 2023. In addition to the methodology required by this subsection, the rule must provide criteria for how the office, in coordination with the department, will determine what constitutes a disproportionate number of claims-handling complaints described in paragraph (b).

(10) ~~(9)~~ If the office concludes through an examination pursuant to this section that an insurer providing liability coverage in this state exhibits a pattern or practice of violations of the Florida Insurance Code during any investigation or examination of the insurer, the office must review the insurer's claims-handling practices to determine if the insurer should be subject to the enhanced enforcement penalties of this subsection.

(a) A liability insurer may be subject to enhanced enforcement penalties if the office reviews the insurer's claims-handling practices and finds a pattern or practice of the

insurer failing to do the following when responding to covered liability claims under an insurance policy, after receiving actual notice of such claims:

1. Assign a licensed and appointed insurance adjuster to investigate whether coverage is provided under the policy and diligently attempt to resolve any questions concerning the extent of the insured's coverage.

2. Evaluate the claim fairly, honestly, and with due regard for the interests of the insured based on available information.

3. Request from the insured or claimant additional relevant information the insurer reasonably deems necessary to evaluate whether to settle a claim.

4. Conduct all oral and written communications with the insured with honesty and candor.

5. Make reasonable efforts to explain to persons not represented by counsel matters requiring expertise beyond the level normally expected of a layperson with no training in insurance or claims-handling issues.

6. Retain all written and recorded communications and create and retain a summary of all verbal communications in a reasonable manner for a period of not less than 2 years after the later of the entry of a final judgment against the insured in excess of policy limits or, if an extracontractual claim is made, the conclusion of that claim and any related appeals.

7. Within 30 days after a request, provide the insured with all communications related to the insurer's handling of the claim which are not privileged as to the insured.

8. Provide, upon request and at the insurer's expense, reasonable accommodations necessary to communicate effectively with an insured covered under the Americans with Disabilities Act.

9. When handling a third-party claim, communicate each of the following to the insured:

a. The identity of any other person or entity the insurer has reason to believe may be liable.

b. The insurer's final and completed estimate of the claim.

c. The possibility of an excess judgment.

d. The insured's right to secure personal counsel at his or her own expense.

e. That the insured should cooperate with the insurer, including providing information required by the insurer because of a settlement opportunity or in accordance with the policy.

f. Any formal settlement demands or offers to settle by the claimant and any offers to settle on behalf of the insured.

10. Respond to any request for insurance information in compliance with s. 626.9372 or s. 627.4137, as applicable.

11. Seek to obtain a general release of each insured in making any settlement offer to a third-party claimant.

12. Take reasonable measures to preserve any documentary, photographic, and forensic evidence as needed for the defense of the liability claim if it appears likely that the insured's liability exposure is greater than policy limits and the insurer fails to secure a general release in favor of the insured.

13. Comply with subsections (1) and (3) ~~(2)~~, if applicable.

14. Comply with the Unfair Insurance Trade Practices Act.

Section 6. 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 the residents of this state, the Legislature finds it necessary to ensure that organizers, incorporators, officers, employees, contractors, stockholders, directors, owners, managers, or volunteers involved in the organization, operation, or management of any insurer authorized to sell insurance do not have a criminal record.

(2) The Department of Law Enforcement shall accept and process fingerprints taken of organizers, incorporators, officers, employees, contractors, stockholders, directors, owners, managers, or volunteers involved, directly or indirectly, in the organization, operation, or management of any:

(a) Insurer or proposed insurer transacting or proposing to transact insurance in this state.

(b) Other entity that is examined or investigated, or is eligible to be examined or investigated, under the office's jurisdiction.

(c) Other person or entity subject to licensure under the office's jurisdiction.

(3) A full set of fingerprints of persons or entities described in subsection (2) must be submitted to the office or to a vendor, an entity, or an agency authorized under 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 pursuant to s. 624.34(5). Fees for state and federal fingerprint processing must be borne by the person submitting them. 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

authorized by federal law, exchange state, multistate, and federal criminal history records with the office for the purpose of the issuance, denial, suspension, or revocation of a certificate of authority, certification, or license to operate in this state.

(5) Fingerprints for each person or entity 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 must 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 be available for use in accordance with s. 943.05(2)(g) and (h). The office shall inform the Department of Law Enforcement the name of any person whose fingerprints no longer need to 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 check.

(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 a certificate of authority, certification, registration, 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, registrations, or licenses required to operate in this state.

Section 7. Paragraph (b) 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:

(b) Upon receiving a rate filing, the office shall review the filing to determine if a rate is excessive, inadequate, or unfairly discriminatory. In making that determination, the office shall, in accordance with generally accepted and reasonable actuarial techniques, consider the following factors:

1. Past and prospective loss experience within and without this state.

2. Past and prospective expenses.

3. The degree of competition among insurers for the risk

insured.

4. Investment income reasonably expected by the insurer, consistent with the insurer's investment practices, from investable premiums anticipated in the filing, plus any other expected income from currently invested assets representing the amount expected on unearned premium reserves and loss reserves. The commission may adopt rules using reasonable techniques of actuarial science and economics to specify the manner in which insurers calculate investment income attributable to classes of insurance written in this state and the manner in which investment income is used to calculate insurance rates. Such manner must contemplate allowances for an underwriting profit factor and full consideration of investment income that produces a reasonable rate of return; however, investment income from invested surplus may not be considered.

5. The reasonableness of the judgment reflected in the filing.

6. Dividends, savings, or unabsorbed premium deposits allowed or returned to policyholders, members, or subscribers in this state.

7. The adequacy of loss reserves.

8. The cost of reinsurance. The office may not disapprove a rate as excessive solely due to the insurer having obtained catastrophic reinsurance to cover the insurer's estimated 250-year probable maximum loss or any lower level of loss.

9. Trend factors, including trends in actual losses per insured unit for the insurer making the filing.

10. Conflagration and catastrophe hazards, if applicable.

11. Projected hurricane losses, if applicable, which must be estimated using a model or method found to be acceptable or reliable by the Florida Commission on Hurricane Loss Projection Methodology, and as further provided in s. 627.0628.

12. Projected flood losses for personal residential property insurance, if applicable, which must ~~may~~ be estimated using a model or method, or a straight average of model results or output ranges, independently found to be acceptable or reliable by the Florida Commission on Hurricane Loss Projection Methodology and as further provided in s. 627.0628 for filings submitted to the office after January 1, 2027.

13. For filings submitted to the office after January 1, 2027, projected comprehensive losses, if applicable, used to determine a hurricane catastrophe load for private passenger automobile insurance, which must be estimated using a model or method found to be acceptable or reliable by the Florida Commission on Hurricane Loss Projection Methodology under s. 627.0628.

14.~~13.~~ A reasonable margin for underwriting profit and contingencies.

15.~~14.~~ The cost of medical services, if applicable.

16.~~15.~~ Other relevant factors that affect the frequency or

severity of claims or expenses.

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

Section 8. Paragraph (a) of subsection (1) and paragraph (a) of subsection (3) of section 627.0628, Florida Statutes, are amended to read:

627.0628 Florida Commission on Hurricane Loss Projection Methodology; public records exemption; public meetings exemption.—

(1) LEGISLATIVE FINDINGS AND INTENT.—

(a) Reliable projections of hurricane losses are necessary in order to assure that rates for residential property insurance and private passenger automobile insurance meet the statutory requirement that rates be neither excessive nor inadequate. The ability to accurately project hurricane losses has been enhanced greatly in recent years through the use of computer modeling. It is the public policy of this state to encourage the use of the most sophisticated actuarial methods to assure that consumers are charged lawful rates for residential property insurance and private passenger automobile insurance coverage.

(3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

(a) The commission shall consider any actuarial methods, principles, standards, models, or output ranges that have the

potential for improving the accuracy of or reliability of the hurricane loss projections used in residential property insurance and private passenger automobile insurance rate filings and flood loss projections used in rate filings for personal lines residential flood insurance coverage. The commission shall, from time to time, adopt findings as to the accuracy or reliability of particular methods, principles, standards, models, or output ranges.

Section 9. Subsection (1) of section 627.0629, Florida Statutes, is amended to read:

627.0629 Residential property insurance; rate filings.—

(1) It is the intent of the Legislature that insurers provide savings to consumers who install or implement windstorm damage mitigation techniques, alterations, or solutions to their properties to prevent windstorm losses. A rate filing for residential property insurance must include actuarially reasonable discounts, credits, or other rate differentials, or appropriate reductions in deductibles, for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm have been installed or implemented. The fixtures or construction techniques must include, but are not limited to, fixtures or construction techniques that enhance wind uplift prevention, roof strength, roof covering performance, roof-to-wall strength, wall-to-floor-to-foundation strength, opening protection, and window, door,

and skylight strength. Credits, discounts, or other rate differentials, or appropriate reductions in deductibles, for fixtures and construction techniques that meet or exceed the minimum requirements of the Florida Building Code must be included in the rate filing. The office shall determine the minimum discounts, credits, other rate differentials, and appropriate reductions in deductibles that reflect the full actuarial value of such fixtures and construction techniques. The office's determination may not prohibit an insurer from seeking additional actuarily justified credits, discounts or other rate differentials, or appropriate reductions in deductibles for fixtures and construction techniques that meet or exceed the minimum requirements of the Florida Building Code ~~revaluation, which may be used by insurers in rate filings~~. Effective October 1, 2023, each insurer subject to the requirements of this section must provide information on the insurer's website describing the hurricane mitigation discounts available to policyholders. Such information must be accessible on, or through a hyperlink located on, the home page of the insurer's website or the primary page of the insurer's website for property insurance policyholders or applicants for such coverage in this state. On or before January 1, 2025, and every 5 years thereafter, the office shall reevaluate and update the fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm and the discounts, credits, other

rate differentials, and appropriate reductions in deductibles that reflect the full actuarial value of such fixtures or construction techniques. The office shall adopt rules and forms necessitated by such reevaluation.

Section 10. 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 automobile insurers, a full rate filing is required after 2 consecutive years of certification under this paragraph.

Section 11. Subsection (1) is amended and 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.—

(1) Using a form prescribed by the Office of Insurance Regulation, the insurer shall clearly notify the applicant or policyholder of any personal lines residential property insurance policy, at the time of the issuance of the policy and

at each renewal, of the availability and the range of each premium discount, credit, other rate differential, or reduction in deductibles, and combinations of discounts, credits, rate differentials, or reductions in deductibles, for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm can be or have been installed or implemented. The prescribed form shall describe generally what actions the policyholders may be able to take to reduce their windstorm premium. The prescribed form and a list of such ranges approved by the office for each insurer licensed in the state and providing such discounts, credits, other rate differentials, or reductions in deductibles for properties described in this subsection shall be available for electronic viewing and download from the Department of Financial Services' or the Office of Insurance Regulation's Internet website. The prescribed form must also notify the applicant or policyholder if the insurer offers an enhanced discount for a roof system that uses a secondary water resistance, and the form must generally list the amount of discount by type of secondary water resistance. The Financial Services Commission may adopt rules to implement this subsection.

(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 this state.

(d) Beginning January 1, 2027, each insurer must electronically file within 15 business days after receipt a copy of each uniform mitigation inspection form submitted by a policyholder in the database created under paragraph (c) using the electronic format prescribed by the office.

(e) The Financial Services Commission shall adopt rules to implement this subsection.

Section 12. Subsection (13) of section 627.7152, Florida Statutes, is renumbered as subsection (12), and subsection (12) of that section is amended, to read:

627.7152 Assignment agreements.—

~~(12) The office shall require each insurer to report by January 30, 2022, and each year thereafter data on each residential and commercial property insurance claim paid in the prior calendar year under an assignment agreement. The Financial Services Commission shall adopt by rule a list of the data required, which must include specific data about claims adjustment and settlement timeframes and trends, grouped by whether litigated or not litigated and by loss adjustment expenses.~~

Section 13. Subsections (2) and (5) of section 627.915, Florida Statutes, are amended to read:

627.915 Insurer experience reporting.—

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

(2)(a) Beginning January 1, 2027, each insurer transacting private passenger automobile insurance in this state must file monthly with the office a report addressing all of the following areas:

1. Policy coverage categories, including policies in force and total direct premiums earned and written.

2. The type, location, and limits of writings in this state.

3. Claims reporting requirements.

4. Any other information deemed necessary by the commission to provide the office with the ability to track trends occurring in the private passenger automobile insurance market.

(b) The commission shall adopt rules specifying the information required to be reported under this subsection and the format required for the reports ~~fire, homeowner's multiple peril, commercial multiple peril, medical malpractice, products liability, workers' compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers' and directors' liability insurance, or other liability insurance shall report, for each such line of insurance, the information specified in this subsection to the office. The information shall be reported for direct Florida business only and shall be reported on a calendar-year basis~~

~~annually by April 1 for the preceding calendar year:~~

~~(a) Direct premiums written.~~

~~(b) Direct premiums earned.~~

~~(c) Loss reserves for all known claims:~~

~~1. At beginning of the year.~~

~~2. At end of the year.~~

~~(d) Reserves for losses incurred but not reported:~~

~~1. At beginning of the year.~~

~~2. At end of the year.~~

~~(e) Allocated loss adjustment expense:~~

~~1. Reserve at beginning of the year.~~

~~2. Reserve at end of the year.~~

~~3. Paid during the year.~~

~~(f) Unallocated loss adjustment expense:~~

~~1. Reserve at beginning of the year.~~

~~2. Reserve at end of the year.~~

~~3. Paid during the year.~~

~~(g) Direct losses paid.~~

~~(h) Underwriting income or loss.~~

~~(i) Commissions and brokerage fees.~~

~~(j) Taxes, licenses, and fees.~~

~~(k) Other acquisition costs.~~

~~(l) General expenses.~~

~~(m) Policyholder dividends.~~

~~(n) Net investment gain or loss and other income gain or~~

~~loss allocated pro rata by earned premium to Florida business utilizing the investment allocation formula contained in the National Association of Insurance Commissioner's Profitability Report by line by state.~~

~~(5) Any insurer or insurer group which does not write at least 0.5 percent of the Florida market based on premiums written shall not have to file any report required by subsection (2) other than a report indicating its percentage of the market share. That percentage shall be calculated by dividing the current premiums written by the preceding year's total premiums written in the state for that line of insurance.~~

Section 14. Section 628.8011, Florida Statutes, is created to read:

628.8011 Group capital calculation reports.—

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

(a) "Group capital calculation instructions" means the group capital calculation instructions adopted by the NAIC, as amended from time to time, in accordance with the procedures adopted by the NAIC if the methodology remains substantially consistent.

(b) "Group-wide supervisor" means the regulatory official authorized to engage in conducting and coordinating group-wide supervision activities who is determined or acknowledged by the commissioner to have sufficient contacts with an internationally active insurance group. As used in this paragraph, the term

"internationally active insurance group" means an insurance holding company system that includes an insurer registered under s. 628.801(1) and which meets all of the following criteria:

1. Premiums written in at least three countries.

2. The percentage of gross premiums written outside of the United States is at least 10 percent of the insurance holding company system's total gross written premiums.

3. Based on a 3-year rolling average, the total assets of the insurance holding company system are at least $50 billion or the total gross written premiums of the insurance holding company system are at least $10 billion.

(2) Except as provided in paragraph (a), the ultimate controlling person of every insurer subject to registration under s. 628.801 must concurrently file with the registration an annual group capital calculation report on or before April 1. The report must be completed in accordance with the group capital calculation instructions, which permit the office to allow a controlling person who is not the ultimate controlling person to file the group capital calculation report. The report must be filed with the lead state regulator of the insurance holding company system as determined by the office in accordance with the procedures within the Financial Analysis Handbook adopted by the NAIC.

(a) The following insurance holding company systems are exempt from filing a group capital calculation report:

1. An insurance holding company system that has only one insurer within its holding company structure, is only licensed and writing business in its domestic state, and does not assume business from any other insurer.

2. An insurance holding company system that is required to perform a group capital calculation specified by the United States Federal Reserve Board. The office shall request the calculation from the Federal Reserve Board under the terms of information sharing agreements in effect. If the Federal Reserve Board cannot share the calculation with the office, the exemption under this paragraph does not apply to the insurance holding company system.

3. An insurance holding company system in which a non-United States group-wide supervisor is located within a reciprocal jurisdiction as described in s. 624.610(4)(a) which recognizes the United States state regulatory approach to group supervision and group capital.

4. An insurance holding company system that meets the following criteria:

a. It provides information to the lead state that meets the requirements for accreditation under the NAIC financial standards and accreditation program, either directly or indirectly, through the group-wide supervisor who has determined such information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in

the NAIC Financial Analysis Handbook.

b. A non-United States group-wide supervisor of the insurance holding company system who is not in a reciprocal jurisdiction recognizes and accepts, as specified by the office in regulation, the group capital calculation as the world-wide group capital assessment for United States insurance groups that operate in such jurisdiction.

(b) Notwithstanding subparagraphs (a)3. and (a)4., the office shall require the group capital calculation report for United States operations of any non-United States-based insurance holding company system in which, after any necessary consultation with other supervisors or officials, it is deemed appropriate by the office for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace.

(c) Notwithstanding the exemptions provided in subparagraphs (a)1.-4., the office may exempt the ultimate controlling person from filing the annual group capital calculation report or may accept a group capital filing or report in accordance with criteria as specified in paragraphs (e) and (f).

(d) If the office determines that an insurance holding company system no longer meets one or more of the requirements for an exemption from filing the group capital calculation report under subsection (a), the ultimate controlling person

must file the group capital calculation report at the next annual filing date unless the office provides an extension based on reasonable grounds shown.

(e) If an insurance holding company system has previously filed the annual group capital calculation report at least once, the office may exempt the ultimate controlling person from filing the annual group capital calculation report if the office determines based upon the previous filing that the insurance holding company system meets all of the following criteria:

1. It has annual direct and unaffiliated assumed premium, including international direct and assumed premium, of less than $1 billion. For purposes of this subparagraph, premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program are excluded from the annual direct and unaffiliated assumed premium.

2. It does not have insurers within its holding company structure which are domiciled outside of the United States or one of its territories.

3. It does not have a banking, depository or other financial entity that is subject to an identified regulatory capital framework within its holding company structure.

4. It attests that there are no material changes in the transactions between insurers and noninsurers in the group which have occurred since the last filing of the annual group capital calculation report.

5. The noninsurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.

(f) If an insurance holding company system has previously filed the annual group capital calculation report at least once, the office may accept a limited group capital filing in lieu of the annual group capital calculation report if:

1. The insurance holding company system has annual direct written and unaffiliated assumed premium, including international direct and assumed premium, of less than $1 billion. For purposes of this subparagraph, premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program are excluded.

2. The insurance holding company system does not have insurers within its holding company structure who are domiciled outside of the United States or one of its territories.

3. The insurance holding company system does not include a banking, depository, or other financial entity that is subject to an identified regulatory capital framework.

4. The insurance holding company system attests that there are no material changes in transactions between insurers and noninsurers in the group which have occurred since the last filing of the report to the office and the noninsurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.

(g) If an insurance holding company system that has previously had an exemption with respect to the group capital calculation report under paragraph (e) or paragraph (f), the office may require at any time the ultimate controlling person to file an annual group capital calculation report, completed in accordance with the group capital calculation instructions, if any of the following criteria are met:

1. An insurer within the insurance holding company system is in a risk-based capital action level event as set forth in s. 624.4085 or a similar standard for a non-United States insurer.

2. An insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in a hazardous financial condition as provided in s. 624.805.

3. An insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the office based on unique circumstances including, but not limited to, the type and volume of business written, ownership and organizational structure, federal agency requests, and international supervisor requests.

(h) The office shall establish by rule criteria for satisfying when a non-United States jurisdiction is considered to "recognize and accept" the group capital calculation report.

(i) The office must publish on its website a list of non-United States jurisdictions that "recognize and accept" the group capital calculation report.

(j) The commission may adopt rules for filing the annual group capital calculation report in accordance with the Insurance Holding Company System Regulatory Act of the NAIC and the Insurance Holding Company System Model Regulation of the NAIC, as adopted in December 2020.

Section 15. Section 628.8012, Florida Statutes, is created to read:

628.8012 Liquidity Stress Test Framework.—

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

(a) "Liquidity Stress Test Framework" means the NAIC Liquidity Stress Test Framework for Life Insurers Meeting the Scope Criteria, the scope criteria applicable for a specific data year, and the liquidity stress test instructions and reporting templates for a specific data year. The term includes amended versions of these documents if the methodology remains substantially consistent.

(b) "Scope criteria" means the designated exposure bases along with minimum magnitudes thereof for the specified data year used to establish a preliminary list of insurers considered scoped into the Liquidity Stress Test Framework, and as amended if the methodology remains substantially consistent, for that data year.

(c) "Scoped" means meeting at least one threshold of the scope criteria and being subject to the requirements of the Liquidity Stress Test Framework.

(2)(a) The ultimate controlling person of every insurer subject to registration and also scoped into the Liquidity Stress Test Framework shall annually file the results of a specific year's liquidity stress test on or before April 1. The results must be filed with the office as the lead state regulator of the insurance holding company system as determined by the procedures within the Financial Analysis Handbook adopted by the NAIC.

(b) Scoped insurers are exempt from the requirement under paragraph (a) if the office, in consultation with the NAIC Financial Stability Task Force or its successor, determines the insurer should not be scoped into the Liquidity Stress Test Framework for that data year.

(c) The performance of, and filing of the results from, a specific year's liquidity stress test must comply with the Liquidity Stress Test Framework's instructions and reporting templates for that year and any office determinations, in conjunction with the NAIC Financial Stability Task Force or its successor, provided within the Liquidity Stress Test Framework.

(d) The office may adopt rules for filing the results of the liquidity stress test in accordance with the Insurance Holding Company System Regulatory Act of the NAIC and the Insurance Holding Company System Model Regulation of the NAIC, as adopted in December 2020.

Section 16. Section 628.8013, Florida Statutes, is created

to read:

628.8013 Rebuttal of materially false statements.—

(1) The group capital calculation report and resulting group capital ratio and the liquidity stress test, as provided in s. 628.8012, along with its results and supporting disclosures required under this section are regulatory tools for assessing group risks and capital adequacy and group liquidity risks, respectively, and are not intended as a means to rank insurers or insurance holding company systems generally.

(2) Any representation or statement by any insurer, broker, or other person engaged in any manner in the business of insurance is prohibited with regard to an insurer’s or insurer's group's:

(a) Group capital calculation report.

(b) Group capital ratio.

(c) Liquidity stress test results.

(d) Supporting disclosures for the liquidity stress test.

(e) Any component derived in the group capital calculation.

(3) If a representation or statement prohibited under subsection (2) is published in a written publication and the insurer is able to demonstrate to the office with substantial proof the falsity or inappropriateness, as the case may be, of such representation or statement then the insurer may publish announcements in a written publication if the sole purpose of

the announcement is to rebut the materially false representation or statement.

Section 17. Section 629.53, Florida Statutes, is created to read:

629.53 Application for registration to operate as an attorney in fact.—

(1) It is unlawful for any person to operate as an attorney in fact of a reciprocal insurer without first having obtained a registration from the office.

(2) The application for an attorney in fact registration must be made, under oath, to the office by the applicant on a form prescribed by the commission. The office may not require an applicant to pay a fee for the registration or for filing an application for such registration.

(3) In the application, the applicant must provide all of the following information:

(a) All basic organizational documents, and any amendments to such documents, of the applicant dated within the last year and appropriately certified.

(b) The bylaws, rules, and regulations or similar documents regulating the conduct of the internal affairs of the applicant, other applicable documents, and all amendments to those documents, dated within the last year and appropriately certified.

(c) A copy of the most recent financial statement of the

applicant, verified under oath by at least two of the applicant's principal officers.

(d) A detailed plan of operation.

(e) An e-mail address at which the applicant agrees to accept electronic service from the office.

(f) The background information specified in s. 629.227 for each individual who is responsible for the conduct of the applicant's affairs, including, but not limited to, any manager, member, member of a board of directors, board of trustees, executive committee, or other governing board or committee and any other person or entity owning or having the right to acquire 10 percent or more of the voting securities or ownership interest of the applicant.

(g) Any other information as the office reasonably requires.

(4) Upon the filing of a sworn application, the office must investigate each applicant and may issue the applicant a registration if the office finds that the applicant:

(a) Is competent and trustworthy and intends to act in good faith in the business authorized by the registration for which the applicant applied.

(b) Has management that has a good business reputation and has had experience, training, or education that qualifies the applicant to conduct the business authorized by the registration for which the applicant applied.

(c) Has a business plan that is consistent with the interests of potential insureds and the public.

Section 18. Section 629.54, Florida Statutes, is created to read:

629.54 Registration expiration; renewal.—Each registration for an attorney in fact issued under this chapter automatically renews on March 1 of each year, provided the attorney in fact remains qualified under this chapter. The office may not require an attorney in fact to pay a fee for the renewal of the registration.

Section 19. Section 629.55, Florida Statutes, is created to read:

629.55 Grounds for denial, suspension, or revocation of registration.—The office may deny, suspend, revoke, or refuse to renew the registration of an attorney in fact if the office determines that the attorney in fact:

(1) Has violated any lawful rule or order of the commission or office or any applicable provision of the insurance code.

(2) Has used or is using methods or practices in the conduct of its business which render its further transaction of business in this state hazardous or injurious to insured persons or the public.

(3) Has refused to be examined or to produce its accounts, records, and files for examination, or if any of its officers,

or persons in similar positions, have refused to give information with respect to its affairs or has refused to perform any other legal obligation as to such examination when required by the office.

(4) Is or was affiliated with and under the same general management or interlocking directorate or ownership as another attorney in fact who transacts business in this state without having a registration required by this chapter.

(5) At any time fails to meet any qualification for which issuance of the registration could have been refused had such failure then existed and been known to the office.

(6) Is under suspension or revocation in this or any other state for any license relating to the business of insurance which the attorney in fact holds.

(7) A proceeding for receivership, conservatorship, rehabilitation, or other delinquency proceeding regarding the attorney in fact, or an insurer with which the attorney in fact has a contractual relationship, has been commenced in any state.

(8) The financial condition or business practices of the attorney in fact otherwise pose an imminent threat to the health, safety, or welfare of the residents of this state.

Section 20. Section 629.56, Florida Statutes, is created to read:

629.56 Order of suspension or revocation of registration; notice.—

(1) The suspension or revocation of a registration of an attorney in fact is effected by order of the office when such order is mailed to the attorney in fact by registered or certified mail and sent electronically to the e-mail address maintained by the attorney in fact with the office for such purpose.

(2) The office may publish notice of any such revocation or suspension in one or more newspapers of general circulation published in this state.

Section 21. Section 629.57, Florida Statutes, is created to read:

629.57 Period of suspension; obligations during suspension; reinstatement.—

(1) The registration of an attorney in fact is suspended for the time period provided in the order of suspension, which may not exceed 1 year, unless such suspension or the order upon which the suspension is based is modified, rescinded, or reversed.

(2) Upon expiration of the suspension period the registration is automatically reinstated as long as the registration has not otherwise terminated, unless the reasons for the suspension have not been remedied.

Section 22. Section 629.58, Florida Statutes, is created to read:

629.58 Administrative fine in lieu of suspension,

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

revocation, or nonrenewal.—

(1) If the office finds that one or more grounds exist for the suspension, revocation, or nonrenewal of the registration of an attorney in fact issued under this chapter, the office may, in lieu of suspension or revocation, impose a fine upon the attorney in fact.

(2) With respect to any nonwillful violation, the office may impose a fine upon the attorney in fact in an amount up to $5,000 for each violation. However, a fine may not exceed an aggregate amount of $50,000 for all nonwillful violations arising out of the same action.

(3) With respect to any knowing and willful violation, the office may impose a fine upon the attorney in fact in an amount up to $25,000 for each violation. However, a fine may not exceed an aggregate amount of $250,000 for all knowing and willful violations arising out of the same action.

(4) With respect to a knowing and willful violation of a lawful order or rule of the office or commission or of a provision of this code during a period in which the Governor declared a state of emergency pursuant to s. 252.36, the office may impose a $200,000 fine upon an attorney in fact for each violation, up to an aggregate amount of $1 million for all knowing and willful violations arising out of the same action relating to a covered loss or claim caused by the emergency.

(5) A fine imposed by the office on the attorney in fact

may not be borne by the insurer.

Section 23. Subsection (1) of section 634.141, Florida Statutes, is amended to read:

634.141 Examination of companies.—

(1) Motor vehicle service agreement companies licensed under this part may be subject to periodic examination by the office in the same manner and subject to the same terms and conditions as apply to insurers under part II of chapter 624. The office is not required to conduct periodic examinations pursuant to this section, but may examine a service agreement company at its discretion. An examination conducted pursuant to this section may cover a period of only the most recent 5 years. The costs of examinations conducted pursuant to ss. 624.316(2)(e) and 624.3161(4) ~~ss. 624.316(2)(e) and 624.3161(3)~~ may not exceed 10 percent of the companies' reported net income for the prior year. The commission may by rule establish provisions whereby a company may be exempted from examination.

Section 24. Section 634.314, Florida Statutes, is amended to read:

634.314 Examination of associations.—Home warranty associations licensed under this part may be subject to periodic examinations by the office, in the same manner and subject to the same terms and conditions as apply to insurers under part II of chapter 624 of the insurance code. The office is not required to conduct periodic examinations pursuant to this section, but

may examine a home warranty company at its discretion. An examination conducted pursuant to this section may cover a period of only the most recent 5 years. The costs of examinations conducted pursuant to ss. 624.316(2)(e) and 624.3161(4) ~~ss. 624.316(2)(e) and 624.3161(3)~~ may not exceed 10 percent of the companies' reported net income for the prior year.

Section 25. Subsection (1) of section 634.416, Florida Statutes, is amended to read:

634.416 Examination of associations.—

(1) Service warranty associations licensed under this part may be subject to periodic examination by the office, in the same manner and subject to the same terms and conditions that apply to insurers under part II of chapter 624. The office is not required to conduct periodic examinations pursuant to this section, but may examine a service warranty company at its discretion. An examination conducted pursuant to this section may cover a period of only the most recent 5 years. The costs of examinations conducted pursuant to ss. 624.316(2)(e) and 624.3161(4) ~~ss. 624.316(2)(e) and 624.3161(3)~~ may not exceed 10 percent of the companies' reported net income for the prior year.

Section 26. This act shall take effect July 1, 2026.

PCS for HB 1265

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 1265	**COMPANION BILL:** None
TITLE: Public Records/Office of Insurance Regulation	**LINKED BILLS:** PCS for HB 1263
SPONSOR(S): Insurance & Banking Subcommittee	**RELATED BILLS:** None

Committee References

Orig. Comm.: Insurance & Banking

SUMMARY

Effect of the Bill:
The bill makes confidential and exempt from Florida public records laws:

- Proprietary business information held by the Office of Insurance Regulation ("OIR") contained in the group capital calculation and liquidity stress test created by PSC/HB 1263.
- Biographical statements, biographical affidavits, or supplementary materials that were provided to or obtained by OIR pursuant to OIR's authority under the Florida Insurance Code.

The bill also creates a privilege for any documents, materials, or other information obtained by the Commissioner of Insurance or the National Association of Insurance Commissioners ("NAIC") in the course of an examination or analysis of the financial condition or market conduct of a company.

The bill provides the constitutionally required public necessity statement, and provides that the exemptions will be automatically repealed on October 2, 2031 unless reenacted by the Legislature.

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 privilege for any documents, materials, or other information obtained by or disclosed to the Commissioner of Insurance ("commissioner") or the National Association of Insurance Commissioners ("NAIC") in the course of an examination or analysis of the financial condition or market conduct of a company. This means that the information may not be subject to subpoena or discovery, and may not be admissible in evidence in any private civil action. (Section 1).

The bill prohibits the commissioner, or any person acting under the authority of the commissioner, including the NAIC, from testifying in any private civil action regarding any documents, materials, or information made privileged by the bill. (Section 1).

The bill allows the commissioner to share privileged documents, materials, or other information with, and receive from, other state, federal, and international regulatory or law enforcement agencies, the NAIC, and the NAIC's

affiliates and subsidiaries. This sharing of information, or any other disclosure to the commissioner, does not result in a waiver of the privilege created by the bill. (Section 1).

The public necessity statement provides that the Legislature finds that it is necessary to exempt documents, materials, and other information obtained by or provided to OIR in the course of examinations, investigations, and analyses of the financial condition or market conduct to protect sensitive proprietary business information, trade secrets, and financial data that could affect the competitiveness of insurers if made public. (Section 2).

The bill makes confidential and exempt from Florida's public records laws any proprietary business information held by the Office of Insurance Regulation ("OIR") contained in the group capital calculation and the liquidity stress test created by PCS/HB 1263. (Section 3).

The bill includes the constitutionally required public necessity statement, in which the Legislature finds that exempting proprietary business information provided to OIR as part of the group capital calculation and liquidity stress test results is necessary to allow OIR to effectively regulate insurer solvency and valuation without revealing trade secrets and proprietary data that could impair the competitive business of insurers. (Section 4).

The bill makes confidential and exempt biographical statements, biographical affidavits, or supplementary materials that were provided to or obtained by OIR pursuant to OIR's authority under the Florida Insurance Code. The exemption applies to information provided to or obtained by OIR before, on, or after the effective date of the bill. (Section 3).

The public necessity statement provides that the Legislature finds that it necessary to exempt biographical statements, biographical affidavits, or supplementary materials provided to or obtained by OIR to ensure the confidentiality and safety of the individuals and to ensure that insurers provide complete and candid information to OIR so that regulators can effectively and efficiently implement the Florida Insurance Code . (Section 4).

Pursuant to the Open Government Sunset Review Act, the exemptions will be automatically repealed October 2, 2031, unless reenacted by the Legislature. (Sections 1 and 3).

The bill provides that it shall take effect on the same date that HB 1263 or similar legislation takes effect, if such legislation is adopted in the same legislative session and becomes law. HB 1263 has an effective date of July 1, 2026. (Section 5).

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Office of Insurance Regulation ("OIR")

OIR regulates all activities relating to insurers and other risk bearing entities, including licensing, rates, policy forms, marked conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision.[1] OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each authorized insurer in the state.[2] As part of that process, insurers must make available all records relating to the subject of the examination.[3] OIR is also authorized to carry out market conduct examinations to determine compliance with the Florida Insurance Code.[4]

[1] S. 20.121(3)(a), F.S.
[2] S. 624.316(1)(a), F.S.
[3] S. 624.318(2), F.S.
[4] S. 624.3161, F.S.

Privilege

Under the law of evidence, certain communications and documents are privileged and therefore protected from disclosure.[5] Privileged communications and information are not subject to discovery and may not be admitted through testimony.[6] These privileges are intended to further public policy goals, including full and candid communications within certain relationships.[7]

Financial Examinations and Market Conduct Examinations of Insurers

OIR is required to examine the affairs, transactions, accounts, records, and assets of each authorized insurer and the attorney in fact of a reciprocal insurer as often as needed.[8] Some insurers must be examined more frequently. High-risk insurers must be examined at least once every three years, and average and low risk insurers must be examined at least once every five years.[9] OIR may extend these examinations to the insurer's managing general agents and controlling or controlled person.[10]

Public Records

Article I, Section 24(a) of the Florida Constitution sets forth the state's public policy regarding access to government records. This section guarantees every person the right to inspect or copy any public record of the legislative, executive, and judicial branches of government.[11]

The Legislature, however, may provide by general law for exemption[12] from public record requirements if two-thirds vote of each chamber pass the exemption, it states with specificity the public necessity justifying the exemption, and it is no broader than necessary to meet its public purpose.[13]

The Florida Statutes also address the public policy regarding access to government records. Section 119.01(1), F.S., guarantees every person the right to inspect and copy any state or local record, unless the record is exempt.[14]

Confidential and Exempt Records

There is a difference between records the Legislature designates as exempt from public record requirements and those the Legislature deems confidential and exempt. A record classified as exempt from public disclosure may be disclosed under certain circumstances. However, if the Legislature designates a record as confidential and exempt from public disclosure, such record may not be released by the custodian of public records to anyone other than the persons or entities specifically designated in statute.[15]

Public Necessity Statement

The Open Government Sunset Review Act[16] provides that a public record exemption may be created, revised, or maintained only if it serves an identifiable public purpose and the Legislature finds that the purpose is sufficiently

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[5] Cornell Law School Legal Information Institute, *Privilege* (last updated July, 2025), https://www.law.cornell.edu/wex/privilege (last visited Feb. 3, 2026).
[6] *Id*.
[7] *Id*.
[8] S. 624.316(1)(a), F.S.
[9] S. 624.316(2), F.S.
[10] S. 624.316(1)(a), F.S.
[11] Art. I, s. 24(a), Fla. Const.
[12] A public record exemption means a provision of general law which provides that a specified record, or a portion of a record, is not subject to the access requirements of s. 119.07(1) or Art. I, s 24 of the Florida Constitution. *See* s. 119.011(8), F.S.
[13] Art. I, s. 24(c), Fla. Const.
[14] *See* s. 119.071, F.S.
[15] *See WFTV, Inc. v. The School Board of Seminole*, 874 So. 2d 48, 53 (Fla. 5th DCA 2004), review denied 892 So. 2d 1015 (Fla. 2004); *City of Riviera Beach v. Barfield*, 642 So. 2d 1135 (Fla. 4th DCA 1994); *Williams v. City of Minneola*, 575 So. 2d 687 (Fla. 5th DCA 1991); *See* Op. Att'y Gen. Fla. 85-62 (August 1, 1985).
[16] S. 119.15, F.S.

compelling to override the strong public policy of open government and cannot be accomplished without the exemption.[17] An identifiable public purpose is served if the exemption meets one of the following purposes: [18]

- 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.

Open Government Sunset Review Act

The Open Government Sunset Review Act provides that a new public record exemption or substantial amendment of an existing public record exemption is repealed on October 2nd of the fifth year following enactment, unless the Legislature reenacts the exemption.[19]

Group Capital Calculation and Liquidity Stress Test

The National Association of Insurance Commissioners ("NAIC") is the standard-setting and regulatory organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five United States territories.[20] The organization sets standards and regulatory best practices.

In December 2020, the NAIC adopted amendments to the NAIC Holding Company Model Act. These amendments included implementing a group capital calculation and liquidity stress framework, with the goal of providing insurance regulators with more tools for conducting group-wide supervision of holding companies.[21] Specifically, the NAIC has noted that the group capital calculation will:[22]

- provide key financial information on the insurance group;
- quantify risk across the insurance group:
- support transparency into how capital is allocated; and
- aid regulators in understanding whether and to what degree insurance companies are supporting the operations of non-insurance entities.

The NAIC has indicated that implementation of these revisions will likely become an NAIC accreditation requirement on January 1, 2026.[23] According to the NAIC, its accreditation program fosters inter-state cooperation, reduces duplicative regulation, and provides baseline consumer protections.[24] NAIC accreditation allows regulators of multi-state insurers to rely on the domiciliary state's solvency regulations to avoid duplication of effort and expense.[25] For example, instead of performing its own examination, a state may accept the examination report prepared by an insurance department that was accredited at the time of examination.[26] According to the NAIC, this cooperation saves insurance companies, and thus consumers, millions of dollars.[27] The loss of accreditation could lead to the loss of domestic insurers.[28]

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[17] S. 119.15(6)(b), F.S.
[18] *Id.*
[19] S. 119.15(3), F.S.
[20] National Association of Insurance Commissioners ("NAIC"), *What is the NAIC and what does it do?*, https://content.naic.org/sites/default/files/about-naic.pdf (last visited Feb. 3, 2026).
[21] NAIC, *The NAIC Group Capital Calculation, Liquidity Stress Test, and Receivership Provisions* (August 2025), http://content.naic.org/sites/default/files/government-affairs-brief-gccc-liquidity-receivership.pdf (last visited Feb. 2, 2026).
[22] *Id*.
[23] *Id*.
[24] NAIC, *The NAIC Accreditation Program* (Jan. 2024), https://content.naic.org/sites/default/files/government-affairs-brief-accreditation-program.pdf (last visited Feb, 3, 2026).
[25] *Id*.
[26] *Id*.
[27] *Id*.
[28] *Id*.

Biographical Statements, Biographical Affidavits, and Supplementary Materials

Biographical statements and affidavits are required as an application material for several licenses and certificates of authority under the Florida Insurance Code, including:

- Permit to form a domestic insurer;
  - the application requires sworn biographical statements of each person associated in the formation or financing of the insurer.[29]
- Reciprocal insurers;
  - the application to organize requires sworn biographical statements for all officers, directors, managers, and those in equivalent positions of the proposed attorney in fact as well as for any person with an ownership interest of 10% or more in the proposed attorney in fact.[30]
- License to operate a captive insurance or reinsurance company;
  - the application must include biographical affidavits for all officers and directors of the proposed company.[31]
- Certificate of authority to act as an administrator;
  - the application requires those applicants that are pharmacy benefit managers to submit a complete biographical statement.[32]
- Prepaid limited health service organization certificate of authority;
  - the application must include a complete biographical statement for individuals who are responsible for conducting the applicant's affairs, including, but not limited to, all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the officers, contracted management company personnel, and any person or entity owning or having the right to acquire 10 percent or more of the voting securities of the applicant.[33]
- Viatical settlement provider license;
  - the application must include a sworn biographical statement of each individual responsible for conduct of the applicant's affairs, including members of the board of directors, board of trustees, executive committee, or other governing board or committee, or anyone having the right to acquire 10% or more of the voting securities of the applicant.[34]
- Life expectancy provider registration;
  - the application must include a sworn biographical statement of each individual responsible for conduct of the applicant's affairs, including members of the board of directors, board of trustees, executive committee, or other governing board or committee, or anyone having the right to acquire 10% or more of the voting securities of the applicant.[35]

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: Insurance & Banking Subcommittee			Brackett	Miguez

[29] S. 628.051(2)(b), F.S.
[30] S. 629.227(1), F.S. and s. 629.081(2)(g), F.S.
[31] S. 628.906(1), F.S.
[32] S. 626.8805(3)(a), F.S.
[33] S. 636.008(4), F.S.
[34] S. 626.9912(3)(e), F.S.
[35] S. 626.99175(4)(e), F.S.

A bill to be entitled

An act relating to public records; creating s. 624.28, F.S.; creating a privilege for documents, materials, and other information obtained by the Commissioner of Insurance Regulation or the National Association of Insurance Commissioners in the course of an examination or analysis; prohibiting the commissioner and certain persons from testifying in certain private civil actions; authorizing the commissioner to share certain information under certain circumstances; providing for reciprocity; providing definitions; providing for future legislative review and repeal of the privilege; providing a statement of public necessity; amending s. 624.4212, F.S.; providing an exemption from public records requirements for certain proprietary business information provided to the Office of Insurance Regulation by an insurer; providing an exemption from public records requirements for certain biographical statements, biographical affidavits, and supplementary materials related thereto provided to or obtained by the office; providing for future legislative review and repeal of the exemptions; providing statements of public necessity; providing a contingent effective date.

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

Section 1. Section 624.28, Florida Statutes, is created to read:

624.28 Privilege for ancillary information.—

(1)(a) Documents, materials, or other information, including, but not limited to, all work papers subject to s. 624.319(3)(b)1., and copies thereof, created, produced, or obtained by or disclosed to the Commissioner of Insurance Regulation or any other person in the course of an examination made under the Florida Insurance Code, or in the course of an analysis by the commissioner of the financial condition or market conduct of a company, shall be privileged, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. The commissioner may use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

(b) Documents, materials, or other information, including, but not limited to, all work papers subject to s. 624.319(3)(b)1., and copies thereof, in the possession or control of the National Association of Insurance Commissioners and its affiliates and subsidiaries shall be privileged, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action

if they are created, produced, or obtained by or disclosed to the National Association of Insurance Commissioners and its affiliates and subsidiaries in the course of assisting in an examination or assisting the commissioner in the analysis of the financial condition or market conduct of a company.

(2) The commissioner and any person who received the documents, materials, or other information while acting under the authority of the commissioner, including the National Association of Insurance Commissioners and its affiliates and subsidiaries, may not testify in any private civil action concerning any privileged documents, materials, or other information subject to subsection (1).

(3) In order to assist in the performance of his or her duties, the commissioner may:

(a) Share documents, materials, or other information, including the privileged documents, materials, or other information subject to subsection (1), with other state, federal, and international regulatory agencies, with the National Association of Insurance Commissioners and its affiliates and subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the privileged status of the document, material, or other information.

(b) Receive documents, materials, or other information, including the privileged documents, materials, or other

information subject to subsection (1), from the National Association of Insurance Commissioners and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or other information.

(4) A waiver of any applicable privilege or claim of confidentiality in the documents, materials, or other information may not occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subsection (3).

(5) A privilege established under the law of any state or jurisdiction that is substantially similar to the privilege established under this section shall be available and enforced in any proceeding in, and in any court of, this state.

(6) As used in this section, the terms "Commissioner of Insurance Regulation," "National Association of Insurance Commissioners," "affiliates," and "subsidiaries" include, but are not limited to, their employees, agents, consultants, and contractors.

(7) This section is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and is repealed on

October 2, 2031, unless reviewed and saved from repeal through reenactment by the Legislature.

Section 2. The Legislature finds that it is a public necessity that documents, materials, and other information obtained by or provided to the Office of Insurance Regulation in the course of examinations, investigations, and analyses of the financial condition or market conduct of insurance companies be made confidential and exempt from s. 119.07(1), Florida Statutes, and s. 24(a), Article I of the State Constitution. This information contains sensitive proprietary business information, trade secrets, and financial data that, if made public, could affect the competitiveness of insurers.

Section 3. Paragraph (g) is added to subsection (2) of section 624.4212, Florida Statutes, and subsection (6) is added to that section, to read:

624.4212 Confidentiality of proprietary business and other information.—

(2) Proprietary business information contained in the following items held by the office is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution:

(g)1. The group capital calculation required under s. 628.8011 and information related thereto.

2. The liquidity stress test required under s. 628.8012 and information related thereto.

This paragraph is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and is repealed on October 2, 2031, unless reviewed and saved from repeal through reenactment by the Legislature.

(6) Biographical statements, biographical affidavits, or supplementary materials related thereto provided to or obtained by the office pursuant to the office's authorities under the Florida Insurance Code are confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution. This exemption applies to information provided to or obtained by the office before, on, or after July 1, 2026. This subsection is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and is repealed on October 2, 2031, unless reviewed and saved from repeal through reenactment by the Legislature.

Section 4. (1) The Legislature finds that it is a public necessity that proprietary business information provided to the Office of Insurance Regulation by an insurer pursuant to ss. 628.8011 and 628.8012, Florida Statutes, be made confidential and exempt from s. 119.07(1), Florida Statutes, and s. 24(a), Article I of the State Constitution. This exemption is necessary to allow the office to effectively regulate insurer solvency and valuation without revealing trade secrets and proprietary data that could impair the competitive business of the insurers.

(2) The Legislature further finds that it is a public necessity that biographical statements, biographical affidavits, and supplementary materials related thereto provided to or obtained by the office be made confidential and exempt from s. 119.07(1), Florida Statutes, and s. 24(a), Article I of the State Constitution to ensure the confidentiality and safety of the applicants. This exemption is necessary to ensure that insurers provide complete and candid information to regulators so that they can effectively and efficiently implement the Florida Insurance Code.

Section 5. This act shall take effect on the same date that HB 1263 or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.