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

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.—

(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,

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.