

Foreign Ownership of Florida Insurers: Concern With Country Concentration

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Florida wrapped up its 2022 legislative session on March 14 with one proposed bill that did not make it across the finish but is expected to receive continued attention in the 2023 session. The proposal would establish a new definition of “control” and extend the Florida Office of Insurance Regulation’s (OIR) authority to conduct background checks on certain individuals if they collectively own or exert control of an insurer.

Under Florida Statutes section 628.051(2)(b), domestic insurance stock and mutual insurance companies applying for authorization to form an insurer to engage in the insurance business in Florida must provide, among other information, the name, residence address, business background, and qualifications of each person associated or to be associated in the formation or financing of the insurer. Each such person with an ownership interest of 10% or more, or who will hold a position as an officer or director, must furnish a sworn biographical statement, fingerprint cards, and authority for the release of information on such person’s background.

The proposed bill would amend section 624.413 (Application for Certificate of Authority) to include a new section on background requirements similar to the requirements outlined in section 628.051(2)(b). Under the new section, if the aggregate percentage of ownership by persons maintaining citizenship in, residing in, or domiciled in the same foreign country exceeds 10% of the applicant for a certificate of authority, or if such persons acquire or intend to acquire in the aggregate more than 10% ownership in an existing stock insurer possessing a certificate of authority from OIR, then such persons may be deemed to have control of the applicant. In this situation, the proposed bill would subject each of those individuals to the requirements noted above, consistent with section 628.051(2)(b).

Accordingly, the proposal would provide for OIR to apply the same criteria to the following applications, among others, to determine if a person is deemed to have control:

- A COA to act as insurance administrator under section 626.8805
- A permit to form insurers under section 628.051
- An acquisition under section 628.461
- A specialty acquisition under section 628.4615

The growing focus on the aggregate ownership of foreign individuals seeking authorization to form a Florida insurer reflects OIR's concern with properly investigating who can own a Florida insurer. Stay tuned to the 2023 legislative session.

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