

AGENDA
FINANCIAL SERVICES COMMISSION
Office of Insurance Regulation

April 4, 2006

MEMBERS
Governor Jeb Bush
Attorney General Charlie Crist
Chief Financial Officer Tom Gallagher
Commissioner Charles Bronson

Contact: Chris Bailey
(850-413-2552)

9:00 A. M.
LL-03, The Capitol
Tallahassee, Florida

ITEM	SUBJECT	RECOMMENDATION
-------------	----------------	-----------------------

1. Correction of the transcript of the January 31, 2006 Cabinet Meeting.

In the transcript of the January 31st Cabinet Meeting, page 38, line 5, the reference to Mr. Parton, as speaker, will be changed to Governor Bush.

(ATTACHMENT 1)

FOR ACTION

2. Minutes of the Financial Services Commission, January 31, 2006.

(ATTACHMENT 2)

FOR ACTION

3. Adoption of new Rule 69O-136.018, Determination of Eligibility to Operate as an Alien Insurer in Florida pursuant to Subsection 624.402(8), Florida Statutes, F.A.C.

Section 624.401 states that insurers are required to have a certificate of authority from the Office. 624.402 sets out several exemptions from this requirement. Subsection 624.402(8) was passed in the 2005 Legislative session which created a new exemption for "alien insurers" (insurers which are domiciled outside of the US and only insure persons who are not residents of the US), so long as the insurer is granted "eligibility" by the Office. This new rule sets out the procedure by which an insurer applies for eligibility. It also adopts a form for the insurer to fill out when it applies for eligibility.

(ATTACHMENT 3)

APPROVAL FOR FINAL ADOPTION

4. Repeal of Rule Chapter 69O-213, Customer Representatives, F.A.C.

The repeal will eliminate a rule for which there is no statutory authority. DFS has its own rule, 69B-213, which regulates these licensees.

Before the reorganization occurred, DOI regulated Customer Representatives. The rule by which it did this was Chapter 4-213. When DOI was legislatively split into DFS and OIR, the regulation of Customer Representatives was assigned by statute to DFS, and not to OIR.

At reorganization a committee of regulators was given the task of assigning all the DOI rules either to DFS, by assigning them the prefix 69B, or assigning them to OIR, by assigning them the prefix 69O. Some rule chapters were assigned to both DFS and OIR. This was one such rule chapter. Consequently there is a DFS rule chapter, 69B-213, and an OIR rule chapter 69O-213.

Both rule chapters and the Insurance Code were thoroughly researched and it is clear that only DFS has the authority to regulate Customer Representatives, which they are doing pursuant to Rule Chapter 69B-213. Consequently, the FSC is being asked to repeal the OIR rule, Rule Chapter 69O-213.

(ATTACHMENT 4)

APPROVAL OF REPEAL

5. Repeal of Rule Chapter 69O-221, Bail, Bonds, and Bail Bond Agents, F.A.C.

The repeal will eliminate a rule for which there is no statutory authority. DFS has its own rule, 69B-221, by which it regulates these licensees.

Before the reorganization occurred, DOI regulated the bail bond industry. The rule by which it did this was Chapter 4-221. When DOI was legislatively split into DFS and OIR, the regulation of the bail bond industry was assigned by statute to DFS, and not to OIR. At reorganization a committee of regulators was given the task of assigning all the DOI rules either to DFS, by assigning them the prefix 69B, or assigning them to OIR, by assigning them the prefix 69O. Some rule chapters were assigned to both DFS and OIR. This was one such rule chapter. Consequently there is a DFS rule chapter, 69B-221, and an OIR rule chapter 69O-221.

Both rule chapters and the Insurance Code were thoroughly researched and it is clear that only DFS has the authority to regulate the bail bond industry, which they are doing pursuant to Rule Chapter 69B-221. Consequently, the FSC is being asked to repeal OIR's rule, Rule Chapter 69O-221.

(ATTACHMENT 5)

APPROVAL OF REPEAL

6. Repeal of Rule Chapter 69O-215, Part III, Code of Ethics – Life Underwriters, F.A.C.

Section 626.797, F.S., requires the Department of Financial Services to establish a Code of Ethics for Life Underwriters to govern the conduct of life agents. This Code of Ethics exists in 69B-215, Part III. As the Office is without the authority to adopt a Code of Ethics for Life Underwriters, Part III of our rule should be repealed.

The repeal will eliminate a rule for which there is no statutory authority. DFS has its own rule, 69B-221, by which it regulates these licensees.

Before the reorganization occurred, DOI regulated Life Underwriters. The rule by which it did this was Chapter 4-215. When DOI was legislatively split into DFS and OIR, the

regulation of Life Underwriters was primarily assigned by statute to DFS, and partly to OIR. At reorganization a committee of regulators was given the task of assigning all the DOI rules either to DFS, by assigning them the prefix 69B, or assigning them to OIR, by assigning them the prefix 69O. Some rule chapters were assigned to both DFS and OIR. This was one such rule chapter. Consequently there is a DFS rule chapter, 69B-215, and an OIR rule chapter 69O-215. This repeal differs from the other two repeals above in that DFS and OIR share regulatory authority over these licensees.

Part III of both rules establishes a Code of Ethics for Life Underwriters. Both rule chapters and the Insurance Code were thoroughly researched and it is clear that only DFS has the responsibility and the authority, under Section 626.797, to adopt such a code. The Code of Ethics DFS has adopted is in Part III of their rule Chapter, that is, Chapter 69B-215, Part III. Consequently, the FSC is being asked to repeal Rule Chapter 69O-215, Part III, our Code of Ethics, for which we have no authority.

(ATTACHMENT 6)

APPROVAL OF REPEAL

7. Request for approval to publish notice of amended Rule 69N-121.066, Informal Conferences

The rule being amended sets out the procedure to be used by the Office when an examination or investigation report is filed. The amendment clarifies the process to be followed and strikes the portion of the rule that purportedly grants to the examined party rights pursuant to Sections 120.569 and 120.57, notwithstanding that no substantial interests of the examined party are affected by the examination report.

(ATTACHMENT 7)

APPROVAL FOR PUBLICATION

8. Presentation of Disaster Report by Kevin McCarty, Commissioner of the Office of Insurance Regulation, to the Financial Services Commission.

(ATTACHMENT 8)

PRESENTATION