



April 4, 2025

**Department of Financial Services
Response to OIR’s “Insurance Regulation Unification” Memo**

In March of 2025, the Office of Insurance Regulation (OIR) released a memo titled, “Insurance Regulation Unification,” in which OIR uses numerous questionable claims to argue for its administrative removal from within the Department of Financial Services (DFS), and the transfer of all insurance-related “duties, powers and funds” from DFS, to OIR itself.

It is troubling that OIR, which is housed administratively within DFS, a Cabinet Agency, is making claims of inefficiency and mismanagement against DFS in an attempt to take over major parts of the overseeing Cabinet Agency with no justification, accurate data or consultation with the principals that oversee the Florida Cabinet, comprised of the Governor, the Chief Financial Officer, the Commissioner of Agriculture, and the Attorney General.

Put simply, DFS categorically rejects OIR’s unforeseen desire to remake Florida’s insurance regulatory system for its own institutional benefit; rather, DFS stands by its record of serving insurance consumers and seeks to collaborate with OIR to resolve legitimate issues.

As evidence of success in 2024, DFS:

- Resolved over 78,000 consumer complaint cases and recovered \$33 million for consumers.
- Investigated 1,233 fraud cases, identified and filed charges on \$34 million in criminal cases, and secured more than \$46 million in court-ordered restitution.
- Facilitated over \$576 million in grants and \$240 million in reimbursements for the My Safe Florida Home program, assisting homeowners with home hardening repairs and insurance cost reductions.

The OIR has full access to all consumer complaints in a real time database. Requests for assistance in the insurance arena are being handled, and with success, by our trained and capable staff. The idea of underreporting is a deflection as OIR has acknowledged that there are more than 1,700 complaints that are violations of statute – with little to no enforcement being taken by OIR.

Consolidating Florida’s entire insurance regulatory system under a greatly expanded OIR bureaucracy makes little sense, given it would undermine Florida’s longstanding regulatory framework of DFS overseeing consumer protection and fraud prevention, and OIR regulating insurance companies. This framework is critical to serving Florida’s large and complex insurance market. In addition, consolidation would eliminate DFS’s robust contributions to Florida’s insurance consumers and fail to address existing issues at OIR — for which its memo appears to blame DFS.

The following pages address OIR’s claims made in their memo:

Division of Administration

OIR Claim: *OIR asserts that it suffers unnecessary bureaucratic hurdles with respect to its human resources, facilities, and administrative operations, and that DFS is in violation of Chapter 20, Florida Statutes, which states that DFS cannot control OIR functions.*

DFS Response: DFS does not control OIR functions and has no desire to do so. Section 20.121(3)(e), Florida Statutes, distinguishes between support and control, to which DFS is only interested, and indeed required, to provide administrative support and resources. For example, DFS does not make hiring or personnel decisions for OIR, but provides necessary resources and ensures full compliance with Florida rules, guidelines and laws.

Division of Consumer Services

OIR Claim: *In a five-year period, DFS only referred 5.2% of 52,160 property and casualty complaints to OIR for possible statutory violations, indicating an inefficient use of state resources when investigating consumer complaints and agent misconduct.*

DFS Response: The 5.2% referral rate is not a sign of inefficiency; rather, it demonstrates that DFS is highly effective at addressing the vast majority of consumer complaints it receives, without requiring OIR intervention. In 2024, DFS's Division of Insurance Consumer Services answered more than 78,000 consumer calls, opened more than 35,000 service requests/requests for assistance, scheduled 19,000 mediations and recovered an estimated \$33 million for insurance consumers (\$21 million related to Property and Casualty). Put another way, DFS resolved 94.8% of complaints and forwarded the remaining 5.2% to OIR for regulation intervention.

OIR Claim: *Of the 5.2% of 52,160 property and casualty complaints referred to OIR over the five-year period, only 3.4% contained confirmed statutory violations, thus indicating a potential underreporting problem.*

DFS Response: DFS excels at resolving consumer complaints directly and without the need for formal OIR regulatory intervention, particularly as many complaints stem from misunderstandings, miscommunications, or non-statutory violation issues. Of the 5.2% of property and casualty complaints referred to OIR (approximately 2,712), some were non-statutory violation complaints were intentionally forwarded to ensure regulatory awareness of complex issues, market behavior and potential trends. In addition, the 3.4% of confirmed statutory violations equates to about 1,773 — or nearly 1 per day over 5 years. The focus from the regulator should be on taking actions as a result of these 1,773 violations. Additionally, in the last 5 years, the OIR has only rejected one complaint from our Division of Consumer Services.

OIR Claim: *DFS staff is not adequately trained to identify potential regulatory violations.*

DFS Response: Nearly 90% of DFS's insurance complaint Helpline employees are experienced, licensed agents. In addition, DFS requires every Helpline employee within the agency's Division of Insurance Consumer Services to complete a rigorous training curriculum on all lines of insurance, as well as internal case management systems. The training is based on the same material used in the licensing prerequisites for insurance agent licensing, and based on consumer feedback, emails and phone calls to Helpline supervisors, Floridians who contact the employees view them as insurance experts.

OIR Claim: *Like DFS, OIR also protects insurance consumers but could do more if it took over state regional offices currently under DFS.*

DFS Response: OIR is attempting to create a problem where there is already a solution in place. DFS regional offices are deeply integrated within their communities, with strong relationships and a proven track record of consumer service built over many years. These offices have played a crucial role in helping Florida residents navigate the insurance landscape, understand their rights, increase consumer education and improve fraud prevention. Their efforts contributed to the recovery of \$33 million for insurance consumers in 2024 alone, in addition to DFS's 1,233 fraud cases and more than \$46 million in court-ordered restitution for victims last year.

OIR Claim: *By consolidating all insurance-related regulatory "duties, powers and funds" under its singular authority, OIR claims it will maximize efficiencies from consumer complaint intake to market regulation.*

DFS Response: Arbitrary consolidation is neither a plan for Florida's insurance consumers, nor a solution to OIR's current issues. DFS already manages consumer complaints with outstanding results, as evidenced by DFS's Division of Insurance Consumer Services answering more than 78,000 consumer calls, opening more than 35,000 service requests/requests for assistance, scheduling 19,000 mediations and recovering an estimated \$33 million for insurance consumers in 2024. In addition, OIR already has access to consumer complaints thus giving them the ability to evaluate markets behavior and react promptly to consumer needs currently. Restructuring the entire insurance regulatory system is completely unnecessary.

OIR Claim: *In 2024, DFS recorded 142 Pharmacy Benefit Manager (PBM) complaints. Out of these 142 complaints, only 34 are recorded as closed and only 11 were referred to OIR. In addition, DFS staff wrongly coded PBM complaints in light of new legislation.*

DFS Response: OIR insinuates fault, however, data from DFS's Division of Insurance Consumer Services shows that all appropriate PBM files have been and continue to be referred to OIR, and that the relevant consumer files are in fact coded correctly. We disagree with OIR's numbers and note that OIR can access all consumer complaint data, whether open or closed, at any time.

Division of Criminal Investigations

OIR Claim: *The Criminal Investigations Division received 19,853 insurance fraud referrals during fiscal year (FY) 2022/2023. This was an increase of 15% over the previous year. Of these, approximately 1,283 or 6% were opened as cases for further investigation. OIR would set up a fraud task force to identify and fight fraud across every aspect of the insurance industry including insurer fraud, consumer fraud, and agent fraud.*

DFS Response: Fraud referrals rising is happening nationally, reflecting growing awareness of the appropriate recipient for referrals. In Florida, the Division of Criminal Investigations (CID) receives these referrals, showing that stakeholders know exactly where to send fraud cases, and CID is uniquely positioned to investigate them with their specialized expertise. This system has proven successful in handling complex fraud investigations spanning financial oversight, public assistance fraud, and forensic accounting. CID has consistently led the nation in fraud investigations. For example, in 2024, CID investigated more than 1,200 fraud cases, filed criminal cases worth over \$34 million, and secured more than \$46 million in court-ordered restitution for victims. CID is a certified criminal justice training center, which is crucial for maintaining the coordination and specialized training needed to address fraud effectively.

Moving fraud investigations to OIR would disrupt this established network, eroding institutional knowledge and critical collaboration across agencies, which has been instrumental in Florida's success.

Division of Insurance Agent and Agency Services

OIR Claim: *Florida is the only state to bifurcate insurance regulation between two separate state agencies and this hinders the state's ability to adequately protect consumers.*

DFS Response: States have differing approaches to insurance regulation, and Florida's bifurcated regulatory system best serves one of the largest and most complex insurance markets in the nation. DFS oversees consumer protection and fraud prevention, while OIR regulates insurance companies. As such, Florida's massive insurance responsibilities are made manageable. For example, Florida has the highest number of licensed insurance agents, with the DFS Division of Insurance Agent and Agency Services overseeing over 1.2 million agents and 52,000 agencies. In 2024, the Division issued more than 176,000 licenses, processed over 2.9 million appointment actions, investigated more than 3,400 licensees, and formally disciplined more than 260. Separating such activities from OIR ensures a more efficient, targeted and effective result for consumers.

OIR Claim: *Placing Insurance Agent and Agency Services under OIR would enable the Office to identify statute violations by insurance agents or agencies in real time, and promptly address any issues.*

DFS Response: The Division of Insurance Agent and Agency Services is responsible for handling insurance agent and agency violations in real time, regardless of the referral source. Historically, referrals from OIR are rare, typically occurring when a consumer contacts OIR, and OIR subsequently forwards the issue to the Division. The Division of Insurance Agent and Agency Services is already well equipped to identify statute violations by insurance agents or agencies in real time with a proven track record of promptly addressing any issues. During the fiscal year 2023/24, the Bureau opened more than 3,400 investigations and formally disciplined more than 260. On average, investigations took 67 days to complete.

OIR Claim: *Currently, the only statutory licensing requirement for an MGA is that a licensed insurance agent works at the MGA. Combining this oversight into OIR's wheelhouse would greatly enhance oversight of insurance companies, group capital, and holding company systems.*

DFS Response: OIR has the authority to direct an insurance company to cancel a managing general agent (MGA) contract or appointment. Furthermore, OIR can take action and refer any agency or agent violations to the Division of Insurance Agent & Agency Services. Even though OIR already has this authority to refer any violations to the Division of Insurance Agent & Agency Services, there have been no referrals from OIR to date.

My Safe Florida Home Program

OIR Claim: *OIR currently performs research on fortification efforts and promulgates the wind mitigation discount forms. Therefore, OIR is well situated to be charged with facilitating the My Safe Florida Home program, as those funds are provided to help consumers fortify their homes.*

DFS Response: OIR’s only role in the program has been maintaining the Uniform Mitigation Verification Inspection Form (Form 1802), which has not been updated since 2012. As of 2025, OIR still uses a paper-based process, while DFS has digitized over 130,000 forms, embracing modern data practices. The DFS has hands-on experience with consumer interactions, funding management, and fraud prevention—critical components of the MSFH Program. Moving the program to OIR would cause disruption, undermine continuity, and create confusion for homeowners. DFS’s hands-on approach and robust consumer-facing infrastructure are central to the program’s success, overseeing contracts, home inspections, grant applications, and fraud prevention. DFS’s direct involvement with homeowners has secured over \$576 million in grants, facilitated more than 109,000 free inspections, and provided over \$240 million in reimbursements for home hardening in 2024 alone. This comprehensive, consumer-focused strategy, supported by rigorous audits of grant payments, demonstrates DFS’s ability to manage large-scale, complex programs.

OIR Claim: *OIR is not only better able to ensure program funds are used towards fortification efforts that will benefit the homeowner and the property insurance market, but OIR is better able to analyze the effectiveness of these efforts, as the Office regularly conducts industry data calls and analyzes property market initiatives.*

DFS Response: OIR already possesses the ability to analyze the effectiveness of the My Safe Florida Home Program through its collaborative efforts with DFS. With full access to the necessary data, OIR should have reached out to DFS for a collaborative solution.

Division of Rehabilitation and Liquidation

OIR Claim: *OIR is tasked with determining whether officers and directors of insolvent insurance companies were a “significant contributing cause” of the insolvency. However, OIR had to enter into a legal agreement with DFS to obtain information related to insolvencies and hire an outside firm to assist with a financial investigation already conducted by DFS, thereby duplicating work.*

DFS Response: We entered into a common interest agreement with the OIR to share information, without jeopardizing a potential \$40 million Directors and Officers liability insurance recovery.

Any defendant (insolvent insurer) would use OIR’s oversight as a defense. This would cost millions to the consumers in recoveries. In the past five years, DFS’s Division of Rehab and Liquidation collected over \$81 million in litigation recoveries that would not have been available to consumers if OIR has its way, nor would some of the Division’s \$415 million in reinsurance recoveries that had to be litigated.