

SPECIAL REPORT FOR JUNE 12, 2002

GOVERNOR JEB BUSH SIGNS HB 3E INTO LAW

"Governor Jeb Bush signed into law today House Bill 3E, which provides for the creation of a new Cabinet Office, the Office of the Chief Financial Officer (CFO)."

It took three long years and a recently concluded Special Session before the Florida Legislature could finally agree on legislation crafting the statutory responsibilities for the CFO. The need for this legislation was created when the citizens of Florida voted to amend the Florida Constitution in 1998 to eliminate the Cabinet posts of Education Commissioner and Secretary of State. The amendment also collapsed the offices of State Treasurer and State Comptroller into one office of Chief Financial Officer. While the Constitutional duties of the new Office were easy to delineate and transfer, the statutory, regulatory duties proved much more nettlesome to resolve. The new office is set to be "up and running" on January 1, 2003, so time was running out on this long debate between the House and Senate.

The Florida House passed HB 3E by Representative JD Alexander (R-Winter Haven) by a vote of 110 - 0 on May 3, 2002. The Senate then took the bill up later that day, substituted it for their identical Senate version, CS/SB 42E & 26E by Senators Jack Latvala (R-Palm Harbor) and Steve Geller (D-Hallandale Beach) and passed it by a vote of 39 - 0.

Necessarily, the bill does provide for the regulatory independence necessary for the oversight of the insurance and financial services industries while providing additional duties to the CFO along with the state's finances, including consumer insurance advocacy and oversight of the state office of the Fire Marshall.

The bill creates a Financial Services Commission made up of the Governor, the Chief Financial Officer, the Secretary of Agriculture and the Attorney General. Two regulatory departments, for both insurance and financial services, will fall under the supervision of the Commission. An Executive Director appointed by a majority vote of the Commission will manage each department. Both the Governor and the CFO must be on the prevailing side of the vote. The Executive Directors will have the authority of final agency action, their own budget, staff and attorneys.

AIF thanks the Governor and his able staff for their continued insistence over the past three years that the new Office of the CFO not directly regulate the insurance and financial services industries.

Congratulations also need to be extended to Representative JD Alexander, Representative Mark Flanagan (R-Bradenton) and Representative Johnnie Byrd (R-Plant City) for their efforts on this difficult, often complex, and decidedly unexciting, yet critical issue. Additional praise is extended to Senators Danny Webster (R-Orlando), Skip Campbell and Tom Rossin (D-Royal Palm Beach) who worked “behind the scenes” to buttress the good governance position. Treasurer and Insurance Commissioner Tom Gallagher and State Comptroller Bob Milligan need to be recognized for their professional handling of this issue and the deference they extended to the “public good” in negotiating this compromise.

AIF is delighted that after three long years, an agreement was struck that will embracing the concerns of all the principles involved in this issue. The bill does this by insuring good governance and, by extension, establishing the regulatory independence critical to the competitive health of the insurance and financial services and protecting the interests of the consumer."