

STATE BOARD OF ADMINISTRATION OF FLORIDA ("SBA")

2022-2023 ANNUAL REGULATORY PLAN

[Required pursuant to Chapter 2015-162, Laws of Florida]

OCTOBER 1, 2022

- Laws Amended/Created over previous 12 months that modify the agency's duties or authority (as required by Section 120.74(1)(a), Florida Statutes):

Chapter 2022-194, Laws of Florida (CS/SB 196), Florida Housing Finance Corporation

This law designates the Florida Housing Finance Corporation ("FHFC"), rather than the SBA, as the state fiscal agency that will make the determinations required by section 16, Art. VII, of the State Constitution, in connection with the issuance of FHFC bonds. The required fiscal determination is that in no state fiscal year will the debt service requirements of the bonds proposed to be issued, and all other bonds secured by the same pledged revenues, exceed the pledged revenues available for such debt service requirements. Pursuant to the new law, FHFC's board of directors, rather than the SBA, will be able to delegate to FHFC's executive director the authority and power to make the determinations.

The law also allows, where applicable, FHFC to use the interest rate limitation on bond issuance set forth in Sections 159.825 or 215.84, Florida Statutes, as applicable. This change allows FHFC to bear higher interest on taxable bonds without seeking SBA approval.

The new law also requires the FHFC executive director, rather than the SBA, to provide an annual report to the FHFC's board of directors and the legislature regarding the number of bond issues considered and the determinations made with respect to those bond issues.

Effective Date: July 1, 2022.

No rule changes are required.

Chapter No. 2022-268, Laws of Florida (SB 2-D): Property Insurance

This new law creates a program entitled the Reinsurance to Assist Policyholders program ("RAP") that is to be administered by the State Board of Administration. RAP provides a

non-recurring total of \$2 billion in coverage for a portion of RAP insurers' hurricane losses. The program requires participation for almost all insurers participating in the Florida Hurricane Catastrophe Fund (FHCF). The law defines RAP insurers as those insurers participating in the FHCF on June 1, 2022, and insurers that meet the qualifications outlined in the new statute, s. 215.5551, F.S. The RAP program excludes Citizens Property Insurance Company and any company the Office of Insurance Regulation certifies is in an unsound financial condition. Qualifying companies will receive a calculated share of the \$2 billion under this newly created program. The RAP program is unrelated to the FHCF, and was designed to be accessed prior to the FHCF layer of coverage. At no charge to the RAP insurer, the RAP program provides a layer of coverage that is below the FHCF industry retention. RAP insurers will be reimbursed 90% of their covered losses from each covered event in excess of their RAP retention, plus a 10% loss adjustment expense allowance, not to exceed the RAP limit. The new law provides that a RAP insurer that has any private reinsurance that duplicates the RAP coverage is required to defer coverage until the 2023-2024 Contract Year.

Effective Date: May 26, 2022

No rule changes are required.

NOTE: There are a few laws that affect all Florida governmental entities, but that do not need to be implemented by rulemaking by the governmental entities, nor by the sending of reports or other information to another governmental entity. The SBA recognizes the existence of these new laws and may revise, or has revised, its internal policies, procedures and contracts in view of these changes. The new laws are as follows:

Chapter No. 2022-159, Laws of Florida (HB 5007): State Administered Retirement Systems

The law amends Section 121.72, Florida Statutes, to increase employer-funded contributions for all Florida Retirement System Investment Plan members by three percent (3%). The law also modifies DROP to allow a member of the Special Risk Class who is a law enforcement officer and who is a DROP participant on or after July 1, 2022, to participate in DROP for up to 36 calendar months beyond the normal 60-month period provided that he or she enters DROP on or before June 30, 2028. Finally, the law amends Section 121.71, Florida Statutes, to revise the required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System.

Effective Date: July 1, 2022.

Chapter No. 2022-72, Laws of Florida (HB 007): Individual Freedom

This law generally impacts the Florida Civil Rights Act set forth in Chapter 760, Florida Statutes. It affects the type of training certain employers may provide to employees.

The law makes it unlawful for any employer in Florida that is subject to the Florida Civil Rights Act to “subject an individual, as a condition of employment, . . . to training, instruction, or any other required activity that espouses, promotes, advances, inculcates, or compels such individual to believe any of the following concepts:

1. Members of one race, color, sex, or national origin are morally superior to members of another race, color, sex, or national origin.
2. An individual, by virtue of his or her race, color, sex, or national origin, is inherently racist, sexist, or oppressive, whether consciously or unconsciously.
3. An individual's moral character or status as either privileged or oppressed is necessarily determined by his or her race, color, sex, or national origin.
4. Members of one race, color, sex, or national origin cannot and should not attempt to treat others without respect to race, color, sex, or national origin.
5. An individual, by virtue of his or her race, color, sex, or national origin, bears responsibility for, or should be discriminated against or receive adverse treatment because of, actions committed in the past by other members of the same race, color, sex, or national origin.
6. An individual, by virtue of his or her race, color, sex, or national origin, should be discriminated against or receive adverse treatment to achieve diversity, equity, or inclusion.
7. An individual, by virtue of his or her race, color, sex, or national origin, bears personal responsibility for and must feel guilt, anguish, or other forms of psychological distress because of actions, in which the individual played no part, committed in the past by other members of the same race, color, sex, or national origin.
8. Such virtues as merit, excellence, hard work, fairness, neutrality, objectivity, and racial colorblindness are racist or sexist, or were created by members of a particular race, color, sex, or national origin to oppress members of another race, color, sex, or national origin.

Effective Date: July 1, 2022.

Chapter No. 2022-221, Laws of Florida (CS/HB 7057): Public Records/Meetings-Cybersecurity

The new law provides a general public record exemption in Chapter 119, Florida Statutes, for coverage limits and deductible or self-insurance amounts of cybersecurity insurance or other risk mitigation; coverages acquired for the protection of IT systems, operational technology (OT) systems, or data of an agency; information relating to critical infrastructure; network schematics, hardware and software configurations, or encryption information or information that identifies detection, investigation, or response practices for suspected or confirmed cybersecurity incidents, including suspected or confirmed breaches; And cybersecurity incident information reported pursuant to Sections 282.318 or 282.3185, Florida Statutes.

The law also creates a public meeting exemption for any portion of a meeting that would reveal the aforementioned confidential and exempt information; however, any portion of an exempt meeting must be recorded and transcribed. The recording and transcript are confidential and exempt from public record requirements.

Effective Date: July 1, 2022.

Chapter No. 2022-160, Laws of Florida (HB 5009): State Group Insurance Program

This law allows former full-time state government employees to enroll in the State Group Insurance Program within 24 months of separation from employment, provided the former employees: (a) worked at least six cumulative years with a branch or agency of state government, (b) were enrolled in the state group insurance program at the time of separation from employment, and (c) separated from employment on or after July 1, 2022. Seasonal workers paid from OPS funds, state university employees, and other benefits-only employees are not eligible.

The premiums paid by this group of employees would be the same as premiums paid by retirees.

This bill also abolishes the Metal Tier plans that were created by the legislature in 2017 but were never implemented.

Effective Date: July 1, 2022.

Chapter No. 2022-57, Laws of Florida (HB 925): Benchmark Replacements for LIBOR

This law replaces the London Interbank Offered Rate ("LIBOR") in existing Florida contracts. This legislation mirrors legislation that was enacted in New York in April 2021. The law sets forth a process for replacing LIBOR in contracts, securities or instruments that are governed by Florida law for which there is no fallback rate or for which there is a fallback rate that relies on LIBOR. The purpose of the legislation is to force an automatic change from LIBOR or a LIBOR-reliant rate to the Alternative Reference Rate Committee (ARRC)-determined replacement rate without requirements to consent to the amendment.

The SBA has already identified its contracts which reference or are reliant on LIBOR. For these contracts, the SBA has either replaced LIBOR or built in a fallback that is not reliant on LIBOR. However, to the extent the SBA has overlooked any agreement, this law sets forth the method for replacing LIBOR. The method set forth in the law, since it was drafted by the ARRC, is the current industry standard for replacing LIBOR and the process the SBA would seek to implement if it identified any such agreement.

Effective Date: April 6, 2022.

- Laws not otherwise listed that the Agency expects to implement by rulemaking before the following July:

N/A

- Updates to prior year's plan or supplement. If in a prior year, a law was identified requiring rulemaking to implement but notice of proposed rule has not been published:

N/A

Additional Information: Proposed Changes to Rules that are required by existing laws:


See attached sheet.

STATE BOARD OF ADMINISTRATION OF FLORIDA
ANNUAL REGULATORY PLAN CERTIFICATION

I HEREBY CERTIFY that the Annual Regulatory Plan (ARP) for the State Board of Administration of Florida ("SBA"), including the Florida Hurricane Catastrophe Fund, as required pursuant to Section 120.74(1), Florida Statutes has been reviewed by the undersigned. I also certify that the SBA, including the Florida Hurricane Catastrophe Fund, at least annually reviews all of its rules, the most recent review occurring in August 2022, to determine whether the rules remain consistent with the SBA's rulemaking authority and the laws implemented.



Lamar Taylor
Interim Executive Director & CIO
State Board of Administration of
Florida



Maureen M. Hazen
General Counsel
State Board of Administration of
Florida

ENTERED this 28th day of September, 2022.

A copy of this Regulatory Plan will be posted on the SBA's website on or before October 1, 2022.

**State Board of Administration/Florida Hurricane Catastrophe Fund
2022-2023 Annual Regulatory Plan**

Rule Number	Rule Title	Rulemaking Action	Reason for Rulemaking	Additional Details on Reason for Rulemaking	Description of Current Rule or Statute to be Implemented	Description of Changes to be Made in Rulemaking	Economic Impact	Highly Technical or Complicated
19-8.010	Reimbursement Contract	Rule Amendment	Statutory Mandate (State statutory mandate, s. 215.555(17)(b) requires the SBA to adopt the Reimbursement Contract form no later than February 1 of each year.)	The Reimbursement Contract is annually reviewed and revised to accommodate statutory changes, technical issues, and any need for clarification.	Section 215.555, F.S., originally enacted in 1993, establishes the Florida Hurricane Catastrophe Fund within the SBA and provides for reimbursement of a portion of residential property insurers' hurricane losses. Rule 19-8.010 implements this statute by specifying the form of the annual Reimbursement Contract.	Various technical and clarifying changes are anticipated at this time.	None	Yes
19-8.028	Reimbursement Premium Formula	Rule Amendment	Statutory Mandate (State statutory mandate, s. 215.555(9) requires the SBA to adopt a formula for the "actuarially indicated" premium to be paid by insurers to the FHCF. To comply with the "actuarially indicated" requirement, the premium formula is revised annually.)	The annual revision of the Reimbursement Premium Formula also accommodates statutory changes, technical issues, and any need for clarification.	Section 215.555, F.S., originally enacted in 1993, establishes the Florida Hurricane Catastrophe Fund within the SBA and provides for reimbursement of a portion of residential property insurers' hurricane losses. Rule 19-8.028 implements this statute by providing the formula for determining premiums to be paid to the fund by participating insurers.	Implementation of actuarial recommendations pursuant to s. 215.555(9)(b), F.S., and technical and clarifying changes	None	Yes
19-8.029	Insurer Reporting Requirements and Responsibilities	Rule Amendment	Technical Changes	This rule provides for insurer reporting of insured values, as required by s. 215.555(5)(c), F.S., and instructions to insurers relating to examinations under s. 215.555(4)(f), F.S. It is revised annually to accommodate statutory changes, technical issues, and any need for clarification.	Section 215.555, F.S., originally enacted in 1993, establishes the Florida Hurricane Catastrophe Fund within the SBA and provides for reimbursement of a portion of residential property insurers' hurricane losses. Rule 19-8.029 implements this statute by providing for reporting of insured values to the fund and providing instructions relating to examination of insurers.	Only technical and clarifying changes are anticipated at this time.	None	Yes